The Colony, Texas

It's A Golden Jubilee
Celebrating 50 years

Photo Credit: Roy F. Martin, Jr.

Annual Comprehensive Financial Report

Fiscal Year 2024/2025

Annual Comprehensive Financial Report of the

City of The Colony, Texas

The Colony, Texas

For the Year Ended September 30, 2025
As Prepared by The Finance Department

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INTRODUCTORY SECTION

THE
COLONY
City by the Lake

March 9th, 2026

The Honorable Mayor, Members of the City Council and Citizens of the City of The Colony, Texas

The Finance Department of the City of The Colony is pleased to submit the Annual Comprehensive Financial Report (ACFR) of the City of The Colony, Texas, for the fiscal year ended September 30, 2025.

This report provides detailed information concerning the financial condition and performance of the City Government. Responsibility for the accuracy and completeness of the presented data and the fairness of the presentation, including all disclosures, rests with the City of The Colony.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

THE REPORT

The Financial Section includes the Management's Discussion and Analysis (MD&A) and basic financial statements. This section also includes the auditor's report on the basic financial statements. The MD&A provides narrative introduction, overview, and analysis. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Statistical Section includes selected tables of comparative economic and financial data, generally presented on a multi-year basis, as well as demographic and other pertinent miscellaneous and operational statistics.

One item to note this year is a restatement of the beginning net position due to the adoption of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, as described in the MD&A and Note 13 of the Notes to the Financial Statements.

The Financial Statements included in this report were prepared in accordance with accounting principles generally accepted in the United States of America for local governments as prescribed by the Governmental Accounting Standards Board (GASB), The National Council on Governmental Accounting (NCGA), and the American Institute of Certified Public Accountants (AICPA). The financial statements have been audited by the independent accounting firm of Certified Public Accountants, Eide Bailly L.L.P., whose report is included herein.

POPULATION

The City's population has grown steadily since the early 2000's and is currently estimated at 47,308. The remaining developable residential land predominantly resides at either the Tribute (formerly known as Wynnewood Peninsula) and Austin Ranch just south of SH121. The City's 2025 Ad Valorem tax base increased from the prior year by a little over 3% to $7.48 billion.

Sales tax revenues increased by $1.51 million, or 3.85%, from the previous year due to economic growth and development as well as inflation boosting taxable prices. Of the total sales tax revenue received by the City, roughly half is recorded in the City's General Fund. These sales tax revenues represent approximately 25.6% of the General Fund's total revenue.

Water and sewer revenues increased by about $0.5 million to $29.9 million due primarily to holding rates flat and consistent water usage compared to prior year.

Ad Valorem Tax Rate

The ad valorem tax rate was reduced from $0.6400 to $0.6350 per $100 valuation for the current fiscal year. Council's expectation is to continue to reduce the tax rate as additional revenues from growth and increased property valuations permit.

Fund Balance - General Fund

Reserves in the General Fund decreased by $10.1 million from the prior fiscal year to $27.1 million or 106 operating days.

Fund Balance - Other Governmental Funds

All other governmental fund reserves increased by $48.2 million during the fiscal year to $68.1 million due mainly to the receipt of debt proceeds into the Capital Projects Fund.

PROSPECT FOR THE FUTURE

The Colony's prospects for the future are promising and very optimistic. The City's major economic drivers are:

The Nebraska Furniture Mart TIRZ that was established in November 2011 for a 433 acre $1.5 billion Grandscape development. The Nebraska Furniture Mart store, the anchor store of the development, opened in early March 2015. The site has remained viable and revenue producing even through the pandemic and has seen numerous new stores open in the past year to include entertainment, dining, and retail offerings on the site.

In June 2020, Scheels opened the largest sporting goods store in the World offering 85 specialty shops. Numerous restaurants and multiple hotels have also located in the Zone. PopStroke, 151 Coffee, Fritz's Adventures, Roam, Worldsprings and COSM opened in the past few years. Lava Cantina and Rock and Brews have since closed but those spaces have already been leased to new tenants. White Castle, residential towers, and Mavericks Dance Hall have also opened or are in development.

There is potential for a hotel and convention center in addition to some small surrounding retail in the center of the Grandscape site. Plans are in discussions, but no final decisions have been made to date.

On the north side of SH121, in The Colony and across from Grandscape, Rooms To-Go, Mattress Firm, and Floor and Decor have remained for years now and while Abuelos has shut its doors; Primal, a prime steak establishment has opened in the same center. Small portions of developable commercial property remain north of 121 and much of those have plans in the works.

The Tribute, the only remaining sizeable single-family residential development in the City, continues to build on its lots. Housing permits have remained strong for the past couple of years and are only slightly slowing down as the area continues to fill out.

FINANCIAL MANAGEMENT

The Colony continues to evaluate operating activity to help ensure services are provided as efficiently as possible. Service levels are reviewed in conjunction with revenues, expenses, and reserves to help ensure the best possible use is made of available resources.

Long-term Financial Planning

The budget process provides a road map for short-term and long-term needs and aids in the allocation of limited resources to prioritized services and needs. Each year a Capital Improvement Program is developed which helps gauge future funding priorities and is the foundation on which annual budgets are built. Revenues, expenses, and capital needs are projected for each of the five following years to identify

service needs and financing available. Staff helps Council with the challenge of prioritizing and providing efficient and effective services to the community with current and future available funds.

As a combined effort, the City Manager's Office, Finance Director, and all departments monitor revenues and expenditures throughout the year. Appropriate actions are taken to control expenditures and to adjust when revenues fall short of expectations.

Relevant Financial Policies

The City has strong financial management policies that provide the basis for the City's financial operations.

The City's goal is to always maintain at least 60 operating days in unassigned fund balance for the General Fund and unrestricted net position for the Water and Sewer Fund.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of The Colony; Texas, for its annual comprehensive financial report for the fiscal year ended September 30, 2023. (This was the 33rd consecutive year that The Colony has achieved this prestigious award.) The City submitted the annual comprehensive financial report for the fiscal year ended September 30, 2024 for GFOA certification and is awaiting the results.

To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program’s requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the government also received the GFOA’s Distinguished Budget Presentation Award for its annual budget document for the year beginning October 1, 2024. The City has received the award annually since the budget year beginning on October 1, 1993. To qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operation guide, and a communications device.

ACKNOWLEDGEMENTS

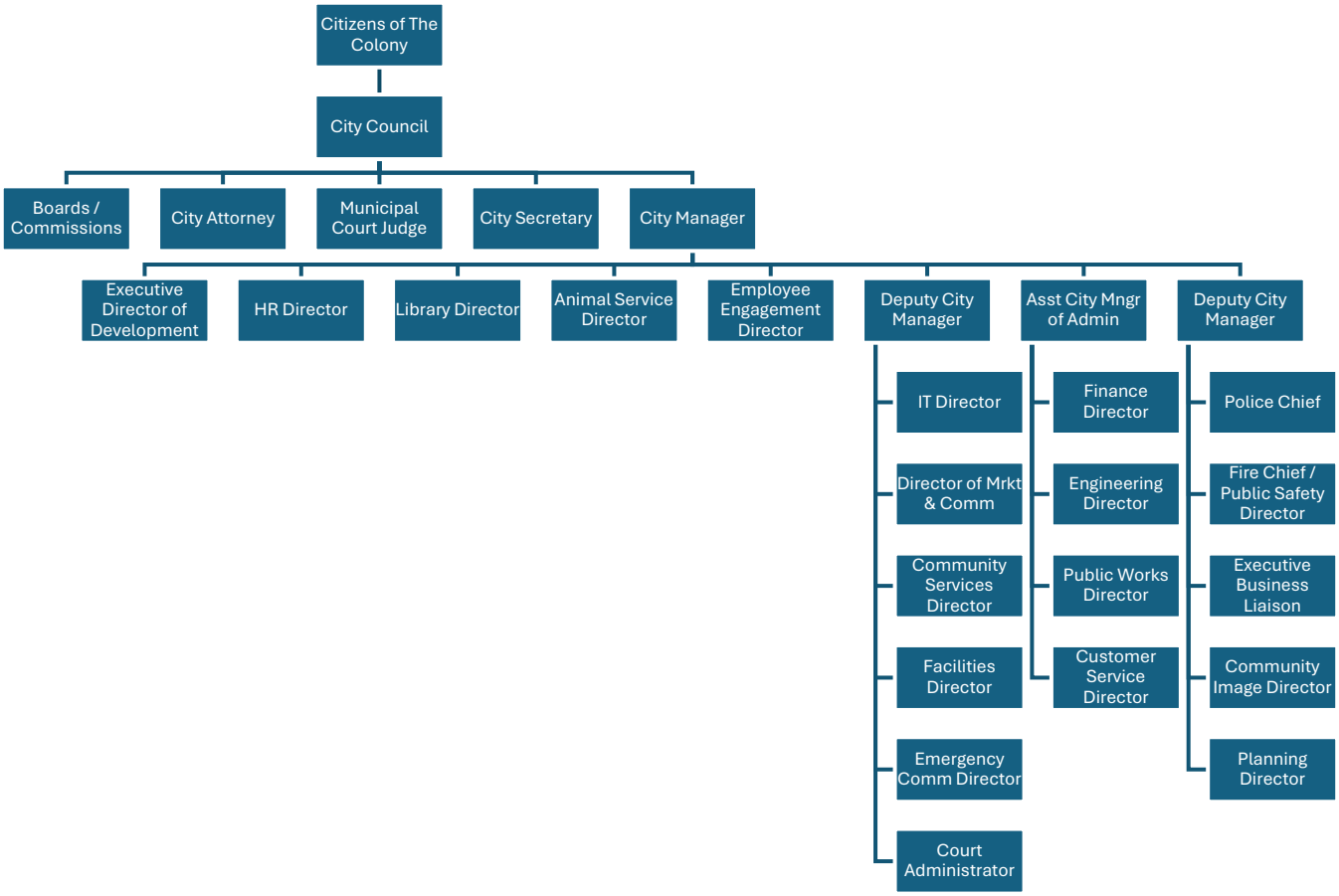
The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We would also like to thank the Mayor and City Council for their interest and leadership in planning and conducting the financial operations of the City of The Colony in a responsible and progressive manner.

Respectfully submitted,

Troy Powell, City Manager

Tim Miller, Assistant City Manager

Organizational Chart



City Staff

General Administration	Troy C. Powell, City Manager
Animal Services	Mark Cooper, Animal Services Director
City Secretary	Tina Stewart, City Secretary
Community Image	Iris Browder, Community Image Director
Convention and Visitors Bureau	Mariko Lanicek, Director of Marketing & Communications
Economic Development	Keri Samford, Executive Director of Development
Engineering	Ron Hartline, Engineering Director
Facilities Maintenance	Brian Walker, Facilities Director
Finance	Ryan Bredehoeft, Finance Director
Fire Department	Scott Thompson, Fire Chief / Director of Public Safety
General Administration	Tim Miller, Assistant City Manager of Administration
General Administration	Joe Perez, Deputy City Manager
General Administration	Brant Shallenburger, Deputy City Manager
Human Resources	Rodney Wallican, Human Resources Director
Information Technology	Chris Cuellar, IT Director
Library	Megan Charters, Library Director
Parks & Recreation	Jackie Kopsa, Community Services Director
Planning	Isaac Williams, Planning Director
Police	Phillip Foxall, Police Chief
Public Safety Dispatch	Toni Knier, Emergency Communications Director
Public Works	James Whitt, Director of Public Works
Utility Administration	Molly Owczar, Director of Customer Services

THE
COLONY
City by the Lake

FINANCIAL SECTION

Independent Auditor's Report

To the Mayor and
Members of the City Council
City of The Colony, Texas
The Colony, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of The Colony, Texas (the City) as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of The Colony, Texas, as of September 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Notes 1 and 13 to the financial statements, the City has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* for the year ended September 30, 2025. Accordingly, a restatement has been made to the governmental activities, business-type activities, aggregate discretely presented component units, and water and sewer fund net position as of October 1, 2024 to restate beginning net position. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedule – General Fund, Schedule of Changes in Net Pension Liability and Related Ratios – Texas Municipal Retirement System, Schedule of Employer Contributions – Texas Municipal Retirement System, Schedule of Changes in Total OPEB Liability and Related Ratios – Supplemental Death Benefits Plan be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2026 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Ede Bailly LLP

Abilene, Texas
March 9, 2026

The City of The Colony (the City) is providing this narrative overview and analysis of its financial activities for the fiscal year ended September 30, 2025. This Management's Discussion and Analysis (MD&A) provides additional information that was not contained in the Letter of Transmittal. Readers are advised to read both to gain an understanding of the financial picture of the City. This discussion and analysis includes prior year data for comparison purposes.

Financial Highlights

- The City's total assets and deferred outflows of resources exceeded the City's total liabilities and deferred inflows of resources at the close of the fiscal year by $391.16 million. Of this amount $43.65 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position decreased by $1.47 million which was due primarily to a decrease of governmental activity operations.
- At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $95.12 million, an increase of $38.04 million. The general fund reported a decrease in fund balance of $10.12 million due to a $9.98 million disbursement relating to Tax Increment Reinvestment Zone (TIRZ) No. 2. The capital projects fund had an increase in fund balance of $51.16 million due primarily to the receipt of debt proceeds.
- Of the fund balances in the governmental funds, $26.27 million is available for spending at the government's discretion (unassigned fund balance). This amount represents 28% of total general fund expenditures.
- The City adopted GASB Statement No. 101, *Compensated Absences*, in the current fiscal year. As a result, beginning net position was restated. Therefore, the prior-period information is not consistent with current-period information as a result of this change in accounting principle. For additional information, see Note 13 of the Notes to the Financial Statements section of the Basic Financial Statements section of this report.

Overview of the Financial Statements

The MD&A serves as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

The report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. The statement of net position presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as incurred regardless of when cash is received or paid. Thus, revenues and expenses are reported on accrual basis even though cash flows occur in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, and culture and recreation. The business-type activities of the City include water and sewerage operation.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate economic development corporation, legally separate community development corporation, and a legally separate local development corporation, for which the City of The Colony is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

In the Statement of Net Position and the Statement of Activities, the City is divided into three kinds of activities:

- Governmental activities – Most of the City's basic services are reported as governmental activities, including the general government, public safety, public works, and culture and recreation. Taxes and intergovernmental revenues principally support these services.
- Business-type activities – Functions that are intended to recover all or a significant portion of their costs through user fees and charges are considered business-type activities. The business-type activities of the City include Water and Sewer Utility.
- Component units – The City includes three separate legal entities, The Colony Economic Development Corporation, The Colony Community Development Corporation, and The Colony Local Development Corporation in its report. Although they are legally separate, they are included as component units because the City is accountable for them. Financial information for these component units is reported separately from the financial information presented for the primary government.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

All of the funds of the City can be divided into two categories:

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The City maintains 19 governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental

funds statement of revenues, expenditures, and changes in fund balances for the General Fund, the Debt Service Fund, the Capital Projects Fund, and the Pandemic Response Fund all of which are considered to be major funds. Non-major governmental funds are aggregated in total. The City adopts annual budgets for its General Fund, Debt Service Fund, Lake Parks Fund, Special Events Fund, Hotel/Motel Taxes Fund, Public Safety Fund, and Storm Water Utility Fund. The budgetary comparison schedules have been provided for these funds to demonstrate compliance with the budgets.

Proprietary Funds

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer operation. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The water and sewer utility fund is considered to be a major fund of the City.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City. This MD&A is part of the required supplementary information.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of the close of the current fiscal year, the City's net position totaled $391.16 million.

The largest portion of the City's net position (83.6%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot generate revenues to liquidate these liabilities.

An additional portion of the City's net position (5.2%) represents resources that are subject to external restrictions on how they may be used (primarily for debt service and infrastructure improvements). The remaining balance of net position, $43.65 million, or 11.2%, may be used to meet the government's ongoing obligations to citizens and creditors.

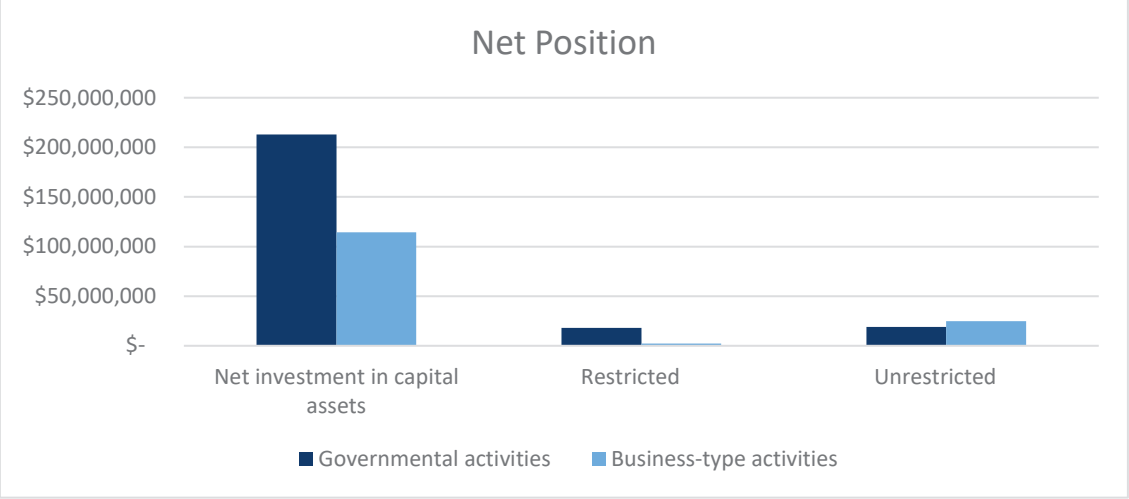
At the end of the current fiscal year, the City has positive balances in all three categories of net position, for the government as a whole, as well as for its separate governmental and business-type activities.

	Governmental activities		Business-type activities		Total	
	2025	2024	2025	2024	2025	2024
Assets						
Current and other assets	$ 121,391,472	$ 82,467,371	$ 43,319,498	$ 33,942,522	$ 164,710,970	$ 116,409,893
Capital assets	304,891,503	282,712,180	158,556,863	155,447,395	463,448,366	438,159,575
Total assets	426,282,975	365,179,551	201,876,361	189,389,917	628,159,336	554,569,468
Deferred outflows of resources						
Deferred charge on refunding	36,073	80,058	44,727	162,437	80,800	242,495
Deferred outflows - pension	5,319,734	6,847,677	863,204	1,099,750	6,182,938	7,947,427
Deferred outflows - OPEB	119,276	175,229	19,354	28,143	138,630	203,372
Total deferred outflows of resources	5,475,083	7,102,964	927,285	1,290,330	6,402,368	8,393,294
Liabilities						
Long-term liabilities	153,367,811	86,499,066	59,175,612	57,332,045	212,543,423	143,831,111
Other liabilities	21,473,049	19,755,844	2,151,634	2,705,141	23,624,683	22,460,985
Total liabilities	174,840,860	106,254,910	61,327,246	60,037,186	236,168,106	166,292,096
Deferred inflows of resources						
Deferred inflows - lease related	5,189,355	5,432,587	-	-	5,189,355	5,432,587
Deferred inflows - pension	1,445,487	236,607	234,551	37,999	1,680,038	274,606
Deferred inflows - OPEB	313,247	348,209	50,829	55,922	364,076	404,131
Total deferred inflows of resources	6,948,089	6,017,403	285,380	93,921	7,233,469	6,111,324
Net position						
Net investment in capital assets	212,965,547	211,834,115	114,245,912	108,929,168	327,211,459	320,763,283
Restricted	18,022,401	17,695,407	2,277,964	2,565,461	20,300,365	20,260,868
Unrestricted	18,981,161	30,480,680	24,667,144	19,054,511	43,648,305	49,535,191
Total net position	$ 249,969,109	$ 260,010,202	$ 141,191,020	$ 130,549,140	$ 391,160,129	$ 390,559,342

The City's net position decreased by $1.47 million. Total assets increased by $73.59 million, which consists of a $25.29 million increase to capital assets and a $48.30 million increase to current and other assets.

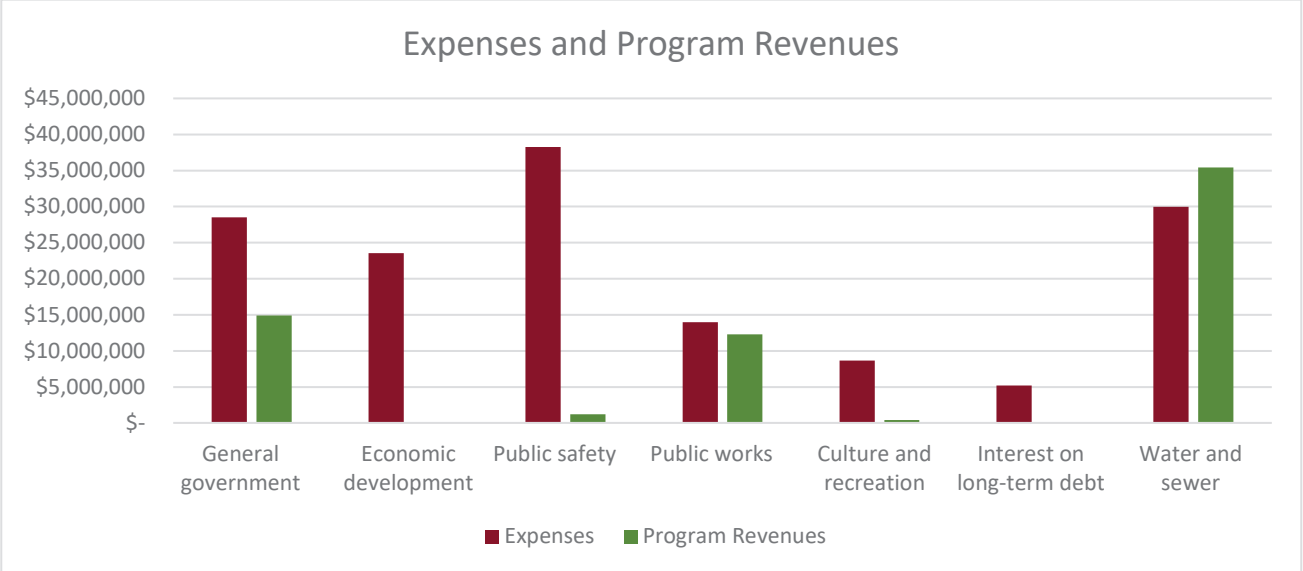
Governmental activities - Governmental activities decreased the City's net position by $11.92 million compared to prior year due primarily to the reimbursement, in the current year, of prior years' Tax Increment Reinvestment Zone (TIRZ) project costs incurred by developers.

Business-type activities - Business-type activities increased the City's net position by $10.45 million, which is slightly less than the prior year's increase to net position of $11.85 million.



	Governmental activities		Business-type activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues						
Charges for services	$ 12,260,327	$ 8,219,593	$ 29,855,805	$ 29,399,479	$ 42,116,132	$ 37,619,072
Operating grants and contributions	5,309,476	745,364	-	-	5,309,476	745,364
Capital grants and contributions	11,269,848	11,841,212	5,562,677	6,954,214	16,832,525	18,795,426
General revenues						
Property taxes	45,551,241	34,615,211	-	-	45,551,241	34,615,211
Sales taxes	20,245,550	9,990,559	-	-	20,245,550	9,990,559
Franchise taxes	2,987,086	5,159,631	-	-	2,987,086	5,159,631
Hotel occupancy tax	2,332,854	2,538,159	-	-	2,332,854	2,538,159
Other taxes	926,739	925,917	-	-	926,739	925,917
Investment income	4,010,660	4,504,997	2,447,584	1,740,533	6,458,244	6,245,530
Other income	3,925,239	3,356,911	-	-	3,925,239	3,356,911
Total revenues	108,819,020	81,897,554	37,866,066	38,094,226	146,685,086	119,991,780
Expenses:						
General government	28,526,147	18,523,136	-	-	28,526,147	18,523,136
Economic development	23,534,525	-	-	-	23,534,525	-
Public safety	38,277,402	33,148,673	-	-	38,277,402	33,148,673
Public works	13,991,191	14,521,855	-	-	13,991,191	14,521,855
Culture and recreation	8,679,083	8,504,034	-	-	8,679,083	8,504,034
Interest on long-term debt	5,181,255	1,447,788	-	-	5,181,255	1,447,788
Water and sewer	-	-	29,961,104	29,933,931	29,961,104	29,933,931
Total expenses	118,189,603	76,145,486	29,961,104	29,933,931	148,150,707	106,079,417
Increase in net position before transfers	(9,370,583)	5,752,068	7,904,962	8,160,295	(1,465,621)	13,912,363
Net transfers	(2,547,395)	(4,400,000)	2,547,395	4,400,000	-	-
Change in net position	(11,917,978)	1,352,068	10,452,357	12,560,295	(1,465,621)	13,912,363
Net position, beginning, as previously report	260,010,202	258,658,134	130,549,140	117,988,845	390,559,342	376,646,979
Change in accounting principle	1,876,885	-	189,523	-	2,066,408	-
Net position, beginning, as restated	261,887,087	258,658,134	130,738,663	117,988,845	392,625,750	376,646,979
Net position, ending	$ 249,969,109	$ 260,010,202	$ 141,191,020	$ 130,549,140	$ 391,160,129	$ 390,559,342

The following chart compares expenses to program revenues, by Function, for the current fiscal year.



Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $95.12 million, an increase of $38.04 million in comparison with the prior year. Of this ending fund balance, $26.27 million, or approximately 28.5%, constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is not available for new spending because it has already been committed or restricted or is nonspendable.

Nonspendable fund balance consisted of $0.43 million for inventories and prepaid items.

Restricted fund balance consisted of:

- $552,240 for TIRZ,
- $72 for Pandemic Response,
- $5,544,847 for debt service,
- $51,792,762 for capital projects,
- $3,889,980 for hotel/motel taxes,
- $1,648,371 for storm water utility,
- $847,450 for public safety,
- $11,128 for citizens donations, and
- $1,083,086 for Public Improvement District No. 1.

Committed fund balance consisted of:

- $2,862,636 for Lake Parks,
- $176,672 for special events, and
- $10,800 for Keep the Colony Beautiful.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was $26.27 million. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 28.27% of total general fund expenditures (excluding transfers to other funds).

The fund balance of the City's General Fund decreased by $10.12 million during the current fiscal year due to an excess of expenditures over revenue.

The Debt Service Fund has a total fund balance of $5.54 million, all of which is restricted for the payment of debt service. The decrease in fund balance during the current year in the Debt Service Fund was $1.58 million. The City has a dedicated property tax for general debt service. The property tax produced debt service fund revenues of $10.42 million in the current fiscal year while debt service payments for principal and interest on debt were $10.95 million.

The Capital Projects Fund has a total fund balance of $51.97 million, with the fund balance restricted for future expenditures of currently approved capital items. The $51.16 million increase in fund balance during the year was attributable to the receipt of debt proceeds.

The Pandemic Response Fund has a total fund balance of $72, which is restricted grant funding. There was no change in the fund balance during the year.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the governmental-wide financial statements, but in more detail. Operating revenues in the water and sewer fund totaled $29.86 million, an increase from prior year's amount of $29.40 million due to holding rates flat and consistent water usage compared to prior year. Operating expenses totaled $25.60 million, a decrease from prior year's amount of $28.07 million due to a decrease in supplies cost.

General Fund Budgetary Highlights

During the year, there was an increase in appropriations of $1.34 million between the original and final budget. Overall, revenues had a $10.76 million positive variance primarily due to unbudgeted residential sanitation revenue and unbudgeted intergovernmental transfers from the City's component unit. There was an unfavorable variance of $3.74 million between final budget and actual expenditures which was primarily due capital outlay which included the initial recognition of an unbudgeted subscription-based information technology arrangement (SBITA) for Public Safety, as well as unbudgeted intergovernmental transfers to the City's component unit.

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2025, amounts to $463,448,366 (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings, water and sewer system infrastructure, machinery and equipment, park facilities, roads and right to use assets. The City's total depreciation/amortization expense amounts to $13,057,971 for its governmental activities and $6,550,409 for its business-type activities.

The following schedule shows capital assets net of accumulated depreciation/amortization.

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	$ 8,400,625	$ 7,999,486	$ 3,273,473	$ 3,273,473	$ 11,674,098	$ 11,272,959
Rights-of-way	25,571,036	25,571,036	-	-	25,571,036	25,571,036
Construction in progress	42,560,980	34,465,849	8,622,818	5,937,663	51,183,800	40,403,512
Buildings	29,040,236	30,420,494	11,918,413	12,119,669	40,958,649	42,540,163
Improvements other than buildings	11,179,388	10,243,341	-	-	11,179,388	10,243,341
Swimming pool	2,115,758	411,130	-	-	2,115,758	411,130
Water system	-	-	62,882,771	61,180,214	62,882,771	61,180,214
Sanitary system	-	-	64,050,328	64,912,344	64,050,328	64,912,344
Drainage system	-	-	23,947	25,696	23,947	25,696
Machinery and equipment	10,611,271	7,861,887	1,758,435	1,725,410	12,369,706	9,587,297
Infrastructure	173,311,145	164,620,580	6,026,678	6,272,926	179,337,823	170,893,506
Right to use leased assets	739,474	905,953	-	-	739,474	905,953
Right to use SBITA assets	1,361,588	212,424	-	-	1,361,588	212,424
	$ 304,891,501	$ 282,712,180	$ 158,556,863	$ 155,447,395	$ 463,448,366	$ 438,159,575

Additional information on the City's capital assets can be found in note 6 of the notes to the financial statements.

Debt Administration

At the end of the current fiscal year, the City had total bonded debt outstanding of $174,825,000. The entire amount represents debt backed by the full faith and credit of the City. The City also had leases payable of $667,250, subscriptions payable of $1,380,449, and financed purchase liabilities of $4,901,599 at fiscal year-end.

Additional information on the City's long-term debt can be found in note 6 of the notes to the financial statements.

The City's general and revenue obligations maintain an AA+ rating, respectively from Standard & Poor's and an Aa2 rating respectively from Moody's Investors Service. The high rating speaks well of the City's proactive approach to economic development and financial management.

The revenue supported debt in the Water and Sewer Fund is limited to the net revenues equal to at least 1.10 times the maximum annual principal and interest requirements and 1.25 times the average annual principal and interest requirements of all parity bonds to be outstanding.

Economic Factors and Next Year's Budget and Rates

Total current Ad Valorem Taxes budgeted for fiscal year 2025-2026 are approximately $42.1 million, which is a 10% increase from the current year.

Total sales tax is projected to remain strong due to continued economic growth from commercial construction.

Requests for Information

This financial report is designed to provide a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, The City of The Colony, 6053 Main Street, The Colony, Texas 75056.

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
Assets				
Cash and investments	$ 109,337,110	$ 17,290,214	$ 126,627,324	$ 43,219,231
Receivables (net of allowance)	11,625,244	3,450,588	15,075,832	3,300,932
Due from other governments	-	-	-	1,575,409
Inventories	104,454	159,918	264,372	-
Prepaid items	324,666	-	324,666	2,424,046
Restricted:				
Cash and investments	-	22,418,778	22,418,778	28,043,665
Capital assets:				
Non-depreciable	76,532,641	11,896,291	88,428,932	28,677,089
Depreciable (net)	226,257,798	146,660,572	372,918,370	871,134
Right-to-use assets (net)	2,101,062	-	2,101,062	-
Total assets	426,282,975	201,876,361	628,159,336	108,111,506
Deferred Outflows of Resources				
Deferred charge on refunding	36,073	44,727	80,800	258,227
Deferred outflows - pension	5,319,734	863,204	6,182,938	59,076
Deferred outflows - OPEB	119,276	19,354	138,630	1,324
Total deferred outflows of resources	5,475,083	927,285	6,402,368	318,627
Liabilities				
Accounts payable	7,083,484	914,968	7,998,452	49,213
Accrued liabilities	1,317,258	-	1,317,258	424,331
Accrued interest payable	1,460,500	-	1,460,500	5,055,618
Retainage payable	1,070,491	-	1,070,491	-
Other liabilities	666,964	-	666,964	-
Due to other governments	1,575,409	-	1,575,409	-
Unearned revenues	8,298,943	-	8,298,943	-
Payable from restricted assets:				
Accounts payable and accrued liabilities	-	66,446	66,446	-
Accrued interest payable	-	338,793	338,793	-
Customer meter deposits	-	831,427	831,427	-
Noncurrent liabilities				
Due within one year	10,261,858	5,184,608	15,446,466	5,276,689
Due in more than one year	143,105,953	53,991,004	197,096,957	178,368,443
Total liabilities	174,840,860	61,327,246	236,168,106	189,174,294
Deferred Inflows of Resources				
Deferred inflows - lease related	5,189,355	-	5,189,355	-
Deferred inflows - pension	1,445,487	234,551	1,680,038	16,053
Deferred inflows - OPEB	313,247	50,829	364,076	3,479
Total deferred inflows of resources	6,948,089	285,380	7,233,469	19,532
Net Position				
Net investment in capital assets	212,965,547	114,245,912	327,211,459	440,057
Restricted for capital projects	5,654,304	2,277,964	7,932,268	-
Restricted for specific programs	8,233,792	-	8,233,792	-
Restricted for debt service	4,134,305	-	4,134,305	-
Unrestricted	18,981,161	24,667,144	43,648,305	(81,203,750)
Total net position	$ 249,969,109	$ 141,191,020	$ 391,160,129	$ (80,763,693)

The accompanying notes are an integral part of these financial statements.

	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions
Primary Government				
Governmental activities				
General government	$ 30,077,791	$ 7,626,473	$ 5,309,476	$ 1,984,255
Economic development	23,534,525	-	-	-
Public safety	39,113,883	1,226,523	-	-
Public works	11,603,066	3,014,517	-	9,285,593
Culture and recreation	8,679,083	392,814	-	-
Interest and fiscal charges on long-term debt	5,181,255	-	-	-
Total governmental activities	118,189,603	12,260,327	5,309,476	11,269,848
Business-type activities				
Water and sewer	29,961,104	29,855,805	-	5,562,677
Total business-type activities	29,961,104	29,855,805	-	5,562,677
Total primary government	148,150,707	42,116,132	5,309,476	16,832,525
Component units				
The Colony Economic Development Corporation	7,290,216	-	-	-
The Colony Community Development Corporation	8,748,587	-	-	-
The Colony Local Development Corporation	8,339,680	-	12,344,444	-
Total component units	$ 24,378,483	$ -	$ 12,344,444	$ -
General Revenues				
Taxes				
Property taxes				
Sales taxes				
Franchise taxes				
Hotel occupancy tax				
Other taxes				
Investment income (loss)				
Other income				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning, as previously reported				
Change in accounting principle (See Note 13)				
Net position, beginning, as restated				
Net position, ending				

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
$ (15,157,587)	$ -	$ (15,157,587)	
(23,534,525)	-	(23,534,525)	
(37,887,360)	-	(37,887,360)	
697,044	-	697,044	
(8,286,269)	-	(8,286,269)	
(5,181,255)	-	(5,181,255)	
(89,349,952)	-	(89,349,952)	
-	5,457,378	5,457,378	
-	5,457,378	5,457,378	
(89,349,952)	5,457,378	(83,892,574)	
			(7,290,216)
			(8,748,587)
			4,004,764
			(12,034,039)
45,551,241	-	45,551,241	-
20,245,550	-	20,245,550	19,719,150
2,987,086	-	2,987,086	-
2,332,854	-	2,332,854	-
926,739	-	926,739	-
4,010,660	2,447,584	6,458,244	2,455,004
3,925,239	-	3,925,239	1,565,739
(2,547,395)	2,547,395	-	-
77,431,974	4,994,979	82,426,953	23,739,893
(11,917,978)	10,452,357	(1,465,621)	11,705,854
260,010,202	130,549,140	390,559,342	(92,500,205)
1,876,885	189,523	2,066,408	30,658
261,887,087	130,738,663	392,625,750	(92,469,547)
$ 249,969,109	$ 141,191,020	$ 391,160,129	$ (80,763,693)

City of The Colony, Texas
Balance Sheet – Governmental Funds (Exhibit A-3)
September 30, 2025

	General	Pandemic Response	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and investments	$ 27,453,178	$ 8,495,312	$ 5,545,341	$ 57,612,289	$ 10,230,990	$ 109,337,110
Receivables (net of allowance)						
Property taxes	473,701	-	49,959	-	-	523,660
Sales taxes	3,300,932	-	-	-	-	3,300,932
Hotel/motel taxes	-	-	-	-	491,975	491,975
Franchise taxes	378,784	-	-	-	-	378,784
Service accounts	409,574	-	-	-	-	409,574
Leases	3,946,530	-	-	-	1,541,691	5,488,221
Miscellaneous	877,719	-	-	-	154,379	1,032,098
Inventories	104,454	-	-	-	-	104,454
Prepaid items	136,295	-	-	175,462	12,909	324,666
Total assets	$ 37,081,167	$ 8,495,312	$ 5,595,300	$ 57,787,751	$ 12,431,944	$ 121,391,474
Liabilities						
Accounts payable	$ 1,920,368	$ 196,297	$ 495	$ 4,778,117	$ 188,207	$ 7,083,484
Accrued liabilities	1,298,474	-	-	-	18,784	1,317,258
Retainage payable	-	-	-	1,040,690	29,801	1,070,491
Other liabilities	666,244	-	-	720	-	666,964
Due to other governments	1,575,409	-	-	-	-	1,575,409
Unearned revenue	-	8,298,943	-	-	-	8,298,943
Total liabilities	5,460,495	8,495,240	495	5,819,527	236,792	20,012,549
Deferred Inflows of Resources						
Leases	3,738,700	-	-	-	1,450,655	5,189,355
Unavailable property taxes	473,700	-	49,958	-	-	523,658
Unavailable revenue	342,231	-	-	-	201,465	543,696
Total deferred inflows of resources	4,554,631	-	49,958	-	1,652,120	6,256,709
Fund Balances						
Nonspendable	240,749	-	-	175,462	12,909	429,120
Restricted	552,240	72	5,544,847	51,792,762	7,480,015	65,369,936
Committed	-	-	-	-	3,050,108	3,050,108
Unassigned	26,273,052	-	-	-	-	26,273,052
Total fund balances	27,066,041	72	5,544,847	51,968,224	10,543,032	95,122,216
Total liabilites, deferred inflows of resources, and fund balances	$ 37,081,167	$ 8,495,312	$ 5,595,300	$ 57,787,751	$ 12,431,944	$ 121,391,474

Total Fund Balances - Governmental Funds	$ 95,122,216
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.	304,891,501
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. As a result, these liabilities decrease net position:	
Leases payable	(667,250)
SBITAs payable	(1,380,449)
Bonds payable	(122,073,869)
Financed purchases payable	(4,901,599)
Unamortized premium on issuance of debt	(9,077,318)
Accrued compensated absences	(2,870,370)
Deferred charge on bond refunding is not included in the governmental funds but is deferred and amortized in the government wide statements.	36,073
Payables for interest on long-term debt obligations which are not due in the current period are not reported in the fund financial statements but are included in the statement of net position. This results in a decrease in net position.	(1,460,500)
Included in liabilities is the recognition of the City's net pension liability in the amount of $11,524,003, a deferred inflow of resources of $1,445,487 and a deferred outflow of resources of $5,319,734. This results in a decrease in net position.	(7,649,756)
Included in liabilities is the recognition of the City's total OPEB liability in the amount of $872,953, a deferred inflow of resources of $313,247, and a deferred outflow of resources of $119,276. This results in a decrease in net position.	(1,066,924)
Other adjustments are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. Net property taxes receivable of $523,658 and net fines, fees and court costs receivable of $543,696 were unavailable to pay for the current period expenditures and are deferred inflows in the governmental funds but are recognized as revenue in the government wide statements. This results in an increase in net position.	1,067,354
Net Position of Governmental Activities	$ 249,969,109

	General	Pandemic Response	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes						
Property	$ 35,017,518	$ -	$ 10,423,272	$ -	$ -	$ 45,440,790
Sales	20,245,550	-	-	-	-	20,245,550
Mixed beverage tax	926,739	-	-	-	-	926,739
Hotel occupancy tax	-	-	-	-	2,332,854	2,332,854
Franchise	2,987,086	-	-	-	-	2,987,086
Licenses and permits	1,634,545	-	-	836,276	392,814	2,863,635
Fines and forfeitures	1,148,862	-	-	-	140,409	1,289,271
Charges for services	5,165,305	-	-	-	2,442,294	7,607,599
Gifts and contributions	-	-	-	18,640	234	18,874
Intergovernmental	5,309,476	-	-	3,500,000	-	8,809,476
Grants	90,281	1,838,954	-	-	55,020	1,984,255
Investment income	3,356,437	-	546,432	-	107,791	4,010,660
Miscellaneous income	3,080,481	-	-	3,010	841,748	3,925,239
Total revenues	78,962,280	1,838,954	10,969,704	4,357,926	6,313,164	102,442,028
Expenditures						
Current						
General government	24,016,429	-	-	-	942,086	24,958,515
Economic development	23,534,525	-	-	-	-	23,534,525
Culture and recreation	4,791,887	-	-	-	2,888,518	7,680,405
Public works	2,356,275	-	-	6,742,261	13,400	9,111,936
Public safety	34,179,120	-	-	-	85,823	34,264,943
Capital outlay	2,835,322	1,838,954	-	26,781,504	436,647	31,892,427
Debt service						
Principal	974,235	-	7,512,794	672,773	-	9,159,802
Interest and fiscal charges	257,103	-	3,436,822	55,744	-	3,749,669
Total expenditures	92,944,896	1,838,954	10,949,616	34,252,282	4,366,474	144,352,222
Excess (Deficiency) of Revenues over (under) Expenditures	(13,982,616)	-	20,088	(29,894,356)	1,946,690	(41,910,194)
Other Financing Sources (Uses)						
Proceeds from par value of bonds issued	-	-	-	73,630,000	-	73,630,000
Bond premium proceeds	-	-	-	5,260,927	-	5,260,927
Bond issuance costs	-	-	-	(827,468)	-	(827,468)
Lease proceeds	41,742	-	-	-	-	41,742
Subscription IT proceeds	1,942,391	-	-	-	-	1,942,391
Transfers out	(41,384)	-	(1,600,000)	(206,068)	(4,811,679)	(6,659,131)
Transfers in	1,916,068	-	-	3,195,605	1,447,458	6,559,131
Total other financing sources (uses)	3,858,817	-	(1,600,000)	81,052,996	(3,364,221)	79,947,592
Net Change in Fund Balance	(10,123,799)	-	(1,579,912)	51,158,640	(1,417,531)	38,037,398
Fund balance, beginning	37,189,840	72	7,124,759	809,584	11,960,563	57,084,818
Fund balance, ending	$ 27,066,041	$ 72	$ 5,544,847	$ 51,968,224	$ 10,543,032	$ 95,122,216

City of The Colony, Texas

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities (Exhibit A-6)

Year Ended September 30, 2025

Net Change in Fund Balances - Total Governmental Funds		$ 38,037,398
Amounts reported for governmental activities in the statement of activities are different because:		
Current year capital outlays are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements.		31,948,819
Developer contributions increase capital assets in the government-wide financial statements.		5,785,593
Transfers of capital assets to business-type activities are shown as decreases in capital assets in assets in the government-wide financial statements, but are not included in the fund financial statements.		(2,447,395)
The net book value of capital assets disposed reduces net position.		(49,725)
Depreciation and amortization are not recognized as an expenditure in governmental funds since it does not require the use of current financial resources.		(13,057,971)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Issuance of leases	(41,742)	
Issuance of SBITAs	(1,942,391)	
Proceeds from bond issuance	(78,890,927)	
Bond principal repayments	7,512,791	
Lease principal repayment	202,728	
SBITA principal repayment	771,510	
Notes payable principal repayment	672,773	
Amortization of bond premium	618,534	
Amortization of deferred gain on bond refunding	(43,985)	
		(71,140,709)
Changes in long-term liabilities for compensated absences are not reported in the governmental funds but are included in the statement of activities.		(123,844)
Interest payable on long-term debt is accrued in the government-wide financial statements, whereas in the fund financial statements, interest expenditures are reported when due. The current year change in the interest accrual is a decrease in net position.		(1,178,667)
Certain pension expenditures that are recorded in the fund financial statements must be recorded as deferred outflows of resources. Contributions made after the measurement date caused the change in net position to increase in the amount of $438,425. The City's unrecognized deferred inflows and outflows for TMRS as of the measurement date must be amortized and the City's pension expense must be recognized. These cause the change in net position to decrease in the amount of $699,543.		(261,118)
Certain OPEB expenditures that are recorded in the fund financial statements must be recorded as deferred outflows of resources. Contributions made after the measurement date caused the change in net position to decrease in the amount of $504. The City's unrecognized deferred inflows and outflows for TMRS as of the measurement date must be amortized and the City's OPEB expense must be recognized. These cause the change in net position to decrease in the amount of $21,254.		(21,758)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred inflows of resources as revenue, adjusting current year revenue to include the revenue earned from current year's tax levy, and eliminating interfund transactions. These adjustments result in an increase in net position.		591,399
Change in Net Position of Governmental Activities		$ (11,917,978)

	Business-Type Activities
	Water and Sewer Enterprise Fund
Assets	
Current assets	
Cash and investments	$ 17,290,214
Receivables (net of allowance)	
Accounts	3,447,928
Miscellaneous	2,660
Inventories	159,918
Restricted cash and investments	22,418,778
Total current assets	43,319,498
Noncurrent assets	
Capital assets	
Land	3,273,473
Water system and sanitary sewer system	203,640,446
Drainage system	1,684,364
Buildings	13,279,490
Machinery and equipment	6,784,904
Infrastructure	8,423,992
Construction in progress	8,622,818
Less accumulated depreciation	(87,152,624)
Total capital assets, net	158,556,863
Total assets	201,876,361
Deferred Outflows of Resources	
Deferred charge on refunding	44,727
Deferred outflows - pension	863,204
Deferred outflows - OPEB liability	19,354
Total deferred outflows of resources	927,285

Liabilities	
Current liabilities	
Accounts payable and accrued liabilities	914,968
Accrued compensated absences due within one year	324,728
Current portion of total OPEB liability	3,576
Payable from restricted assets:	
Accounts payable and accrued liabilities	66,446
Revenue bonds payable	4,856,304
Accrued interest payable	338,793
Customer meter deposits	831,427
Total current liabilities	7,336,242
Noncurrent liabilities	
Revenue bonds payable	51,979,714
Accrued compensated absences not due within one year	3,280
Net pension liability	1,869,937
Total OPEB liability	138,073
Total noncurrent liabilities	53,991,004
Total liabilities	61,327,246
Deferred Inflows of Resources	
Deferred inflows - pension	234,551
Deferred inflows - OPEB	50,829
Total deferred inflows of resources	285,380
Net Position	
Net investment in capital assets	114,245,912
Restricted for construction	2,277,964
Unrestricted	24,667,144
Total net position	$ 141,191,020

	Business-Type Activities
	Water and Sewer Enterprise Fund
Operating Revenues	
Charges for sales and services:	
Water service	$ 17,856,641
Wastewater treatment service	9,731,892
Other fees and penalties	1,206,342
Service charges	1,019,183
Miscellaneous	41,747
Total Operating Revenues	29,855,805
Operating Expenses	
Personnel services	7,980,219
Contractual services	2,456,383
Supplies	4,810,309
Maintenance	1,723,047
Water purchases	30,382
Overhead	4,498,631
Depreciation	6,550,409
Total Operating Expenses	28,049,380
Operating Income	1,806,425
Nonoperating Revenues (Expenses)	
Investment income	2,447,584
Interest and fiscal charges	(1,911,724)
Total Nonoperating (Expenses) Revenues	535,860
Income Before Contributions and Transfers	2,342,285
Contributions and Transfers	
Capital contributions	4,794,101
Development fees	768,576
Transfers in	2,547,395
Total Contributions and Transfers	8,110,072
Change in net position	10,452,357
Net position, beginning, as previously reported	130,549,140
Change in accounting principle (See Note 13)	189,523
Net position, beginning, as restated	130,738,663
Net position, ending	$ 141,191,020

	Business-Type Activities Water and Sewer Enterprise Fund
Cash Flows from Operating Activities	
Receipts from customers	$ 29,738,581
Payments to or on behalf of employees	(7,892,409)
Payments to suppliers	(14,198,068)
Net Cash Provided by Operating Activities	7,648,104
Cash Flows from Noncapital Financing Activities	
Transfers in	100,000
Net Cash Provided by Noncapital Financing Activities	100,000
Cash Flows from Capital and Related Financing Activities	
Acquisition of capital assets	(2,418,381)
Issuance of bonds	7,546,089
Principal paid on bonds	(4,742,209)
Interest paid on bonds	(2,130,440)
Development fees	768,576
Net Cash Used by Capital and Related Financing Activities	(976,365)
Cash Flows from Investing Activities	
Interest received	2,458,525
Net Cash Provided by Investing Activities	2,458,525
Net Change in Cash and Cash Equivalents	9,230,264
Cash and Cash Equivalents, Beginning	30,478,728
Cash and Cash Equivalents, Ending	$ 39,708,992

	Business-Type Activities Water and Sewer Enterprise Fund
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income	$ 1,806,425
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation and amortization	6,550,409
(Increase) decrease in accounts receivable	(75,987)
(Increase) decrease in inventories	(82,902)
(Increase) decrease in prepaid items	1,236
Increase (decrease) in accounts payable	(664,096)
Increase (decrease) in customer deposits	(41,237)
Increase (decrease) in accrued liabilities	154,256
Net Cash Provided by Operating Activities	$ 7,648,104
Noncash Investing and Financing Activities	
Infrastructure contributed by developers	$ 4,794,101
Capital assets contributed from governmental activities	2,447,395

	The Colony Economic Development Corporation	The Colony Community Development Corporation	The Colony Local Development Corporation	Total Discretely Presented Component Units
Assets				
Cash and investments	$ 24,955,421	$ 10,994,432	$ 7,269,378	$ 43,219,231
Receivables (net of allowance)				
Sales taxes	1,650,466	1,650,466	-	3,300,932
Prepaid items	-	-	2,424,046	2,424,046
Restricted cash and investments	8,411,296	8,411,079	11,221,290	28,043,665
Due from other governments	-	-	1,575,409	1,575,409
Capital assets				
Non-depreciable	6,355,178	-	22,321,911	28,677,089
Depreciable (net)	871,134	-	-	871,134
Total assets	42,243,495	21,055,977	44,812,034	108,111,506
Deferred Outflows of Resources				
Deferred outflows - pension	59,076	-	-	59,076
Deferred outflows - OPEB	1,324	-	-	1,324
Deferred charge on refunding	-	-	258,227	258,227
Total deferred outflows of resources	60,400	-	258,227	318,627
Liabilities				
Accounts payable	44,065	5,148	-	49,213
Accrued liabilities	219,187	205,144	-	424,331
Accrued interest payable	975,559	958,588	3,121,471	5,055,618
Non-current liabilities				
Due within one year	1,101,689	595,000	3,580,000	5,276,689
Due in more than one year	28,028,385	24,738,166	125,464,224	178,230,775
Net pension liability	127,974	-	-	127,974
Total OPEB liability	9,694	-	-	9,694
Total liabilities	30,506,553	26,502,046	132,165,695	189,174,294
Deferred Inflows of Resources				
Deferred inflows - pension	16,053	-	-	16,053
Deferred inflows - OPEB	3,479	-	-	3,479
Total deferred inflows of resources	19,532	-	-	19,532
Net Position				
Net investment in capital assets	(21,881,854)	-	22,321,911	440,057
Unrestricted	33,659,664	(5,446,069)	(109,417,345)	(81,203,750)
Total net position	$ 11,777,810	$ (5,446,069)	$ (87,095,434)	$ (80,763,693)

		Program Revenue		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Component Units				
The Colony Economic Development Corporation	$ 7,290,216	$ -	$ -	$ -
The Colony Community Development Corporation	8,748,587	-	-	-
The Colony Local Development Corporation	8,339,680	-	12,344,444	-
Total Component Units	24,378,483	-	12,344,444	-
General Revenues				
Taxes				
Sales taxes				
Investment income				
Other income				
Total general revenues				
Change in net position				
Net position, beginning, as previously reported				
Change in accounting principle (Note 13)				
Net position, beginning, as restated				
Net position, ending				

Net (Expense) Revenue and Changes in Net Position			
Component Units			
The Colony Economic Development Corporation	The Colony Community Development Corporation	The Colony Local Development Corporation	Total
$ (7,290,216)	$ -	$ -	$ (7,290,216)
-	(8,748,587)	-	(8,748,587)
-	-	4,004,764	4,004,764
(7,290,216)	(8,748,587)	4,004,764	(12,034,039)
9,859,575	9,859,575	-	19,719,150
1,258,646	887,304	309,054	2,455,004
777,318	778,421	10,000	1,565,739
11,895,539	11,525,300	319,054	23,739,893
4,605,323	2,776,713	4,323,818	11,705,854
7,141,829	(8,222,782)	(91,419,252)	(92,500,205)
30,658	-	-	30,658
7,172,487	(8,222,782)	(91,419,252)	(92,469,547)
$ 11,777,810	$ (5,446,069)	$ (87,095,434)	$ (80,763,693)

Note 1 - Reporting Entity

The City of The Colony (the City), originally incorporated in 1977, is a municipal corporation incorporated under Article XI of the Constitution of the State of Texas (Home Rule Amendment). The City operates under a Council-Manager form of government and provides such services as are authorized by its charter to advance the welfare, health, comfort, safety and convenience of the City and its inhabitants.

The City is governed by an elected mayor and a six-member council and has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters.

The financial statements of the City have been prepared in conformity with accounting principles applicable to governmental units which are generally accepted in the United States of America. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The City's basic financial statements include the accounts of all its operations. The City evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the City's reporting entity, as set forth in GASB Statement No. 14, "The Financial Reporting Entity," as amended, include whether:

- the organization is legally separate (can sue and be sued in their own name),
- the City holds the corporate powers of the organization,
- the City appoints a voting majority of the organization's board,
- the City is able to impose its will on the organization,
- the organization has the potential to impose a financial benefit/burden on the City,
- there is fiscal dependency by the organization on the City.

The City also evaluated each legally separate, tax-exempt organization whose resources are used principally to provide support to the City to determine if its omission from the reporting entity would result in the financial statements which are misleading or incomplete. GASB Statement No. 39 requires inclusion of such an organization as a component unit when: 1) the economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the City, its component units or its constituents; and 2) the City or its component units is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization; and 3) such economic resources are significant to the City.

Based on the criteria above, the City has the following component units:

Discretely Presented Component Units

The Colony Economic Development Corporation (TCEDC) - Organized exclusively for the public purposes of the promotion and development of new and expanded business enterprises to provide and encourage employment in the furtherance of public welfare

The Colony Community Development Corporation (TCCDC) - Responsible for promoting economic development within the City and the State of Texas in order to eliminate unemployment and underemployment, and to promote and encourage employment and the public welfare of, for, and on behalf of the City by developing, implementing, providing and financing projects under the Development Corporation Act of 1979. This includes the construction, renovation and operation of municipal buildings, the acquisition and improvement of parks as well as the promotion and expansion of manufacturing and industrial facilities, and other economic development purposes.

The Colony Local Development Corporation (TCLDC) – Established as the primary governing body for funding Tax Increment Reinvestment Zone (TIRZ) Number One public infrastructure. Surrounding these activities are performance agreements between the TCLDC and the developer, NMF Services, which commenced November 2011 and will terminate on the 75th anniversary of the date in which the City collects its first sales tax dollar from the respective facility.

A majority of the members of the TCEDC's, TCCDC's, and TCLDC's Boards of Directors are appointed by the City Council. The TCEDC, TCCDC, and TCLDC are each fiscally dependent upon the City as the City Council approves their budgets and must approve any debt issuance. However, the component units do not qualify for blending because the component units' services directly benefit the community rather than the City itself. The TCEDC and TCCDC do not issue separate financial statements and TCLDC does issue separate financial statements which are available through the City's Finance Department. TCEDC, TCCDC, and TCLDC are presented as governmental fund types within these financial statements.

Note 2 - Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as general revenue.

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds and major individual proprietary funds are reported in separate columns in the fund financial statements.

Note 3 - Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenue to be available if collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims, and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, sales taxes, certain charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

- The **General Fund** is the general operating fund of the City. It is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.
- The **Pandemic Response Fund** is to account for revenues and expenditures related to the City of The Colony emergency response to COVID 19 from grant and contribution funding.
- The **Debt Service Fund** is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on long-term debt paid primarily from taxes levied by the City. The fund balance of the Debt Service Fund is restricted to signify the amounts that are exclusively for debt service expenditures.
- The **Capital Projects Fund** is used to account for the acquisition and construction of capital assets financed primarily through the issuance of general obligation debt.

The City reports the following major proprietary fund types:

- The **Water and Sewer Enterprise Fund** is used to account for the acquisition, operation and maintenance of a municipal water and sewer utility, supported primarily by user charges to the public.

Additionally, the City reports the following fund types:

- Nonmajor special revenue funds account for specific revenue sources that are legally restricted to expenditures for specialized purposes or committed for special projects.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses include cost of sales and services, administrative expenses and depreciation expense on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Implementation of GASB Statement No. 101

As of October 1, 2024, the City adopted GASB Statement No. 101, *Compensated Absences*. The provisions of this standard modernize the types of leave that are considered compensated absences and provides guidance for a consistent recognition and measurement of the compensated absence liability. The effect of the implementation of this standard on beginning net position is disclosed in Note 13.

Implementation of GASB Statement No. 102

As of October 1, 2024, the City adopted GASB Statement No. 102, *Certain Risk Disclosures*, which requires management to evaluate whether there are risks related to a government's vulnerabilities due to certain concentrations or constraints that require disclosure. There were no significant concentrations or constraints that warranted disclosure as a result of implementation of this standard.

Note 4 - Assets, Liabilities, and Net Position or Fund Balance

Cash and Cash Equivalents

State statutes and policy as established by the City Council authorize the City to invest in certificates of deposit, direct obligations of the U.S. Treasury, investment pools consisting of such U.S. Treasury obligations, repurchase agreements, commercial paper and mutual funds. Substantially all operating cash and cash equivalents are maintained in pooled cash and time deposit accounts. Interest income relating to pooled deposits is allocated to the individual funds based on each fund's pro rata share of total pooled deposits.

Restricted cash and investments is classified separately in the balance sheet of governmental funds and statement of net position for proprietary funds and represents cash and cash equivalents restricted for specific infrastructure projects (governmental funds) or the payment of long-term debt and for the acquisition of capital assets (proprietary funds).

For purposes of the statement of cash flows, the proprietary funds consider all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents, as they are available for withdrawal on demand.

Fair Value Measurements

Fair value accounting requires characterization of the inputs used to measure fair value into three-level fair value hierarchy as follows:

- Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access.
- Level 2 inputs are observable inputs other than quoted prices included within Level 1 that are for similar assets or liabilities. U.S. government-backed securities are valued using Level 2 inputs that are valued using a matrix pricing model.
- Level 3 inputs are unobservable inputs for an asset or liability either directly or indirectly.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." All trade and property tax receivables are shown net of an allowance for uncollectibles. The allowance totaled $1,102,299 for General Fund, $8,725 for Debt Service Fund, and $368,127 for Water and Sewer Fund.

Inventory

Inventory is valued at cost using the first-in, first-out (FIFO) method. Inventories consist of expendable supplies held for consumption or the construction of plant and equipment. Inventories are recorded as expenditures when consumed rather than when purchased.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

OPEB

The fiduciary net position of the TMRS Supplemental Death Benefits Plan (SDBP) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, and information about assets, liabilities and additions to/deductions from SDBP's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category. The City has a deferred charge on bond refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The City has deferred outflows of resources related to pensions as described in Note 7. The City also has deferred outflows of resources related to its Supplemental Death Benefits Plan as described in Note 8.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has four items that qualify for reporting in this category. The first item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, fines, ambulance services and other items. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item is deferred inflows related to leases where the City is the lessor and is reported in the governmental funds balance sheet and statement of net position. The deferred inflows of resources related to leases are recognized as an inflow of resources (revenue) on the straight-line basis over the term of the lease. The City also has deferred inflows of resources related to pensions as described in Note 7 and related to its Supplemental Death Benefits Plan as described in Note 8.

Capital Assets

Capital assets, which include property, plant and equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements as well as the proprietary fund financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the government chose to include all such items regardless of their acquisition date or amount. The City was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost.

Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

The costs of normal maintenance and repairs that do not add to the value of the asset, or materially extend asset lives, are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Land and construction in progress are not depreciated. Other property, plant, equipment, and infrastructure of the City, as well as the component units, are depreciated using the straight-line method over the following useful lives:

Buildings	40 years
Improvements other than buildings	10-30 years
Machinery and equipment	5-10 years
Infrastructure	40 years
Right-to-use assets	5-10 years

Right to use leased assets are recognized at the lease commencement date and represent the City's right to use an underlying asset for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right to use leased assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method. The amortization period varies from 3 to 5 years.

Right to use subscription IT assets are recognized at the subscription commencement date and represent City's right to use the underlying IT asset for the subscription term. Right to use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right to use subscription IT assets are amortized over the shorter of the subscription term or useful life of the underlying asset using the straight-line method. The amortization period varies from 3 to 5 years.

Lease Receivables

Lease receivables are recorded by the City as the present value of future lease payments expected to be received from the lessee during the lease term, reduced by any provision for estimated uncollectible amounts. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. The present value of future lease payments to be received are discounted based on the interest rate the City charges the lessee.

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources.

Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Lease liabilities represent the City's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments are discounted based on a borrowing rate determined by the City.

Subscription liabilities represent the City's obligation to make subscription payments arising from the subscription contract. Subscription liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of subscription payments are discounted based on a borrowing rate determined by the City.

Transactions between Funds and Component Units

Interfund services are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/ expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund reimbursed. All other interfund transactions, except interfund services and reimbursements, are recorded as transfers. Transactions between the component units and the primary government are accounted for as external transactions. During the year ended September 30, 2025, the TCCDC contributed $3,500,000 to the capital projects fund and $850,000 to the General Fund. Additionally, the TCEDC contributed $397,213 to the General Fund.

Compensated Absences

City employees accumulate a limited amount of earned but unused vacation, sick leave, comp time, and holidays for subsequent use or for payment upon termination, death or retirement. A liability is recorded when each of the following have occurred: the leave is attributable to services already rendered, the leave accumulates and carries forward from one reporting period to the next and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at September 30, 2025.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and deferred outflows of resources and liabilities and deferred inflows of resources and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from these estimates.

Property Taxes

The City's ad valorem property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and certain personal property located within the City. Property taxes attach as an enforceable lien on property as of January 1 after they are levied. The assessed value upon which the fiscal year 2024 levy was based was $8,315,920,572. Taxes are due on October 1 and are delinquent after the following January 31. Current tax collections for the year ended September 30, 2025 were 98.63% of the tax levy.

The City is permitted by Article XI, Section 5 of the State of Texas Constitution to levy taxes up to $2.50 per $100 of assessed valuation for general governmental services, including the payment of principal and interest on general obligation long-term debt. The combined tax rate to finance general governmental services including the payment of principal and interest on long-term debt for the year ended September 30, 2025 was $0.63500 per $100 of assessed valuation.

The ordinance levying the ad valorem taxes specifies the percentage of the taxes applicable to the General Fund, and Debt Service Fund therefore, ad valorem tax revenues are recorded as revenues in the respective funds.

In Texas, countywide central appraisal districts are required to assess all property within the appraisal district on the basis of 100% of its appraised value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every five years; however, the City may, at its own expense, require annual reviews of appraised values.

The City may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action. Under this legislation, the City continues to set tax rates on City property. However, if the revenues from the effective tax rate times the appraised values, excluding tax rates for bonds and other contractual obligations, adjusted for new improvements, exceeds the property tax revenues from previous year by more than 3%, the City must have an election to approve effective interest rates.

Fund Balance

The City classifies governmental fund balance in accordance with Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*:

- *Nonspendable* fund balance includes fund balance that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. The City had $104,454 and $136,295 in nonspendable fund balance for inventory and prepaid items, respectively, in the General Fund, and $175,462 and $12,909 in nonspendable fund balance for prepaid items in the capital projects fund and other governmental funds at September 30, 2025, respectively.

- *Restricted* fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. General fund balance restricted for TIRZ 1 totaled $552,240 as of September 30, 2025. Debt service fund balance restricted for the retirement of funded indebtedness totaled $5,544,847 as of September 30, 2025. Capital projects fund balance restricted for future capital projects totaled $51,792,762. The Pandemic Response fund included $72 of fund balance restricted for grant activities. At September 30, 2025, fund balance restricted for special revenue fund activities included:

Fund	Restricted Balance
Hotel/motel taxes	$ 3,889,980
Storm water utility fund	1,648,371
Public safety fund	847,450
Citizen donations fund	11,128
PID No. 1	1,083,086
	$ 7,480,015

- *Committed* fund balance is established and modified by a resolution from City Council, the City's highest level of decision-making authority, and can be used only for the specified purposes determined by the Council's resolution. At September 30, 2025, fund balance committed for special revenue fund activities included:

Fund	Committed Balance
Lake parks	$ 2,862,636
Special events	176,672
Keep the Colony Beautiful	10,800
	$ 3,050,108

- *Assigned* fund balance includes the portion of net resources for which an intended use has been established by the City Council or the City Official authorized to do so by the City Council. Assignments of fund balance are much less formal than commitments and do not require formal action for their imposition or removal. In governmental funds, other than the General Fund, assigned fund balance represents the amount that is not restricted or committed which indicates that resources are, at a minimum, intended to be used for the purpose of that fund but does not meet the criteria to be classified as restricted or committed. The Council has authorized the City Manager to assign fund balance.

- *Unassigned* fund balance is the residual classification for the City's general fund and includes all spendable amounts not contained in the other classifications, as well as negative unassigned fund balance in other governmental funds.

Flow Assumptions

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned, then unassigned fund balance.

Note 5 - Stewardship, Compliance and Accountability

Budgetary Information

The City adopts annual appropriated budgets for its General Fund, Debt Service Fund, Lake Parks Fund, Special Events Fund, Hotel/Motel Taxes Fund, Storm Water Utility Fund, and Public Safety Fund. The budgetary comparison schedules have been provided for these funds to demonstrate compliance with the budgets.

For the year ended September 30, 2025, expenditures exceeded appropriations in the general fund as follows:

- General government ($2,131,742)
- Economic development ($783,264)
- Capital outlay ($2,793,352)
- Debt Service ($1,231,338)

Note 6 - Detailed Notes on All Funds

Cash and Investments

Custodial Credit Risk. Cash deposits of the City, TCEDC, TCCDC, and TCLFD at September 30, 2025, were entirely secured by FDIC insurance and pledged collateral held by the City's agent bank.

State statutes authorize the City to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) Texas local government investment pools; (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (5) certificates of deposit by state and national banks domiciled in this state that are (a) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or (b) secured by obligations that are described by (1) – (4); (6) and reverse repurchase agreements not to exceed 90 days to stated maturity.

Cash and investments as of September 30, 2025 consist of the following:

	2025
Cash on hand	$ 5,134
Deposits with financial institutions	3,296,238
Investment pools and money market mutual funds	217,007,626
	$ 220,308,998

Following are the City's investments at September 30, 2025, including classification by level, within the fair value hierarchy:

Primary Government

	Reported Value	Level	Percent of Total	Weighted Average Maturity
Investment Pools				
TexPool	$ 115,585,829	N/A	79.31%	< 60 days
TexPool Prime	30,158,751	N/A	20.69%	< 60 days
Other Investments				
Money Market Mutual Funds	150	Level 1	0.00%	< 60 days
Total Investments	$ 145,744,730		100.00%	

TCEDC

	Reported Value	Level	Percent of Total	Weighted Average Maturity
Investment Pools				
TexPool	$ 19,903,157	N/A	59.65%	< 60 days
TexPool Prime	5,052,264	N/A	15.14%	< 60 days
Other Investments				
Money Market				
Mutual Funds	8,411,296	Level 1	25.21%	< 60 days
Total Investments	$ 33,366,717		100.00%	

TCCDC

	Reported Value	Level	Percent of Total	Weighted Average Maturity
Investment Pools				
TexPool	$ 8,768,592	N/A	45.19%	< 60 days
TexPool Prime	2,225,840	N/A	11.47%	< 60 days
Other Investments				
Money Market				
Mutual Funds	8,411,079	Level 1	43.34%	< 60 days
Total Investments	$ 19,405,511		100.00%	

TCLDC

	Reported Value	Level	Percent of Total	Weighted Average Maturity
Other Investments				
Money Market				
Mutual Funds	$ 18,490,668	Level 1	100.00%	< 60 days
Total Investments	$ 18,490,668		100.00%	

The City is a voluntary participant in two investment pools: TexPool and TexPool Prime. Each of these pools operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. Each uses amortized costs rather than market value to report the net position to compute share prices. Accordingly, the value of the City's position in the pools is the same as the value of the shares in the pool.

The State Comptroller of Public Accounts exercises responsibility over TexPool and TexPool Prime. This oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool.

Interest Rate Risk. Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by investing mainly in investment pools which purchase a combination of shorter term investments with an average maturity of less than 60 days thus reducing the interest rate risk. The City monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The City has no specific limitations with respect to this metric.

As of September 30, 2025 the City did not invest in any securities which are highly sensitive to interest rate fluctuations.

Credit Risk. State law and City policy limit investments in local government investment pools to those rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service. As of September 30, 2025, the City's investments in TexPool and TexPool Prime were both rated AAAm by Standard & Poor's.

Concentration of Credit Risk. Statutes and the City's investment policy limits the investment portfolio by the following:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Government securities	5 Years	100%	None
State of Texas	5 Years	25%	None
States, Agencies, Counties, Cities and Other	5 Years	25%	None
Repurchase Agreements	90 Days	100%	None
Certificates of Deposit	5 Years	25%	None
Commercial Paper	270 Days	25%	None
No-Load Money Market Mutual Funds	90 Days	25%	None
Eligible Investment Pools	90 Days	100%	None

Capital Assets

A summary of changes in capital assets follows:

	Beginning Balance	Additions	Transfers	Retirements	Ending Balance
Governmental activities					
Capital assets, not being depreciated					
Land	$ 7,999,486	$ 401,139	$ -	$ -	$ 8,400,625
Rights-of-way	25,571,036	-	-	-	25,571,036
Construction in progress	34,465,849	26,481,293	(18,386,162)	-	42,560,980
Total assets not being depreciated	68,036,371	26,882,432	(18,386,162)	-	76,532,641
Capital assets, being depreciated:					
Buildings	47,142,921	106,550	19,357	-	47,268,828
Improvements other than buildings	22,272,215	95,221	1,770,543	-	24,137,979
Swimming pool	1,839,255	18,243	1,839,506	-	3,697,004
Machinery and equipment	24,508,429	2,840,240	1,939,285	-	29,287,954
Infrastructure	307,052,371	5,807,593	10,370,076	-	323,230,040
Total capital assets being depreciated	402,815,191	8,867,847	15,938,767	-	427,621,805
Less accumulated depreciation					
Buildings	16,722,427	1,506,165	-	-	18,228,592
Improvements other than buildings	12,028,874	929,717	-	-	12,958,591
Swimming pool	1,428,125	153,121	-	-	1,581,246
Machinery and equipment	16,646,542	2,030,141	-	-	18,676,683
Infrastructure	142,431,791	7,487,104	-	-	149,918,895
Total accumulated depreciation	189,257,759	12,106,248	-	-	201,364,007
Total capital assets being depreciated, net	213,557,432	(3,238,401)	15,938,767	-	226,257,798
Right to use leased assets, being amortized					
Machinery and equipment	1,321,151	41,742	-	-	1,362,893
Less accumulated amortization					
Machinery and equipment	415,198	208,221	-	-	623,419
Total right to use leased assets being amortized, net	905,953	(166,479)	-	-	739,474
Right to use SBITA assets, being amortized	413,970	1,942,391	-	159,598	2,196,763
Less accumulated amortization	201,546	743,502	-	109,873	835,175
Net right to use SBITA assets	212,424	1,198,889	-	49,725	1,361,588
Total leased and subscription IT assets, net	1,118,377	1,032,410	-	49,725	2,101,062
Governmental activities capital assets, net	$ 282,712,180	$ 24,676,441	$ (2,447,395)	$ 49,725	$ 304,891,501

	Beginning Balance	Additions	Transfers	Retirements	Ending Balance
Business-type activities					
Capital assets, not being depreciated					
Land	$ 3,273,473	$ -	$ -	$ -	$ 3,273,473
Construction in progress	5,937,663	1,783,024	1,012,413	110,282	8,622,818
Total assets not being depreciated	9,211,136	1,783,024	1,012,413	110,282	11,896,291
Capital assets, being depreciated:					
Buildings	13,221,303	46,000	12,187	-	13,279,490
Water system	97,810,884	2,801,695	1,397,301	-	102,009,880
Sanitary system	99,638,160	1,992,406	-	-	101,630,566
Drainage system	1,684,364	-	-	-	1,684,364
Machinery and equipment	6,059,771	699,639	25,494	-	6,784,904
Infrastructure	16,615,671	-	-	8,191,679	8,423,992
Total capital assets being depreciated	235,030,153	5,539,740	1,434,982	8,191,679	233,813,196
Less accumulated depreciation					
Buildings	1,101,634	259,443	-	-	1,361,077
Water system	36,630,670	2,496,439	-	-	39,127,109
Sanitary system	34,725,816	2,854,422	-	-	37,580,238
Drainage system	1,658,668	1,749	-	-	1,660,417
Machinery and equipment	4,334,361	692,108	-	-	5,026,469
Infrastructure	10,342,745	246,248	-	8,191,679	2,397,314
Total accumulated depreciation	88,793,894	6,550,409	-	8,191,679	87,152,624
Total capital assets being depreciated, net	146,236,259	(1,010,669)	1,434,982	-	146,660,572
Business activities capital assets, net	$ 155,447,395	$ 772,355	$ 2,447,395	$ 110,282	$ 158,556,863

	Beginning Balance	Additions	Transfers	Retirements	Ending Balance
TCEDC					
Capital assets, not being depreciated					
Land	$ 6,355,178	$ -	$ -	$ -	$ 6,355,178
Construction in progress	737,694	57,304	(794,998)	-	-
Total assets not being depreciated	7,092,872	57,304	(794,998)	-	6,355,178
Capital assets, being depreciated:					
Other improvements	-	-	473,676	-	473,676
Vehicles	186,414	-	321,322	-	507,736
Total capital assets being depreciated	186,414	-	794,998	-	981,412
Less accumulated depreciation					
Other improvements	-	22,839	-	-	22,839
Vehicles	37,490	49,949	-	-	87,439
Total accumulated depreciation	37,490	72,788	-	-	110,278
Total capital assets being depreciated, net	148,924	(72,788)	794,998	-	871,134
TCEDC capital assets, net	$ 7,241,796	$ (15,484)	$ -	$ -	$ 7,226,312

	Beginning Balance	Additions	Transfers	Retirements	Ending Balance
TCLDC					
Capital assets, not being depreciated					
Land	$ 22,321,911	$ -	$ -	$ -	$ 22,321,911
Total assets not being depreciated	22,321,911	-	-	-	22,321,911
TCLDC capital assets, net	$ 22,321,911	$ -	$ -	$ -	$ 22,321,911

Depreciation and amortization expense was charged to functions/programs of the primary government as follows:

Governmental activities	
General government	$ 5,026,143
Public safety	2,487,238
Public works	4,575,709
Culture and recreation	968,881
Total depreciation/amortization expense - Governmental activities	$ 13,057,971
Business-type activities	
Water and sewer	$ 6,550,409
Total depreciation/amortization expense - Business-type activities	$ 6,550,409

Lessee Activities

The City entered into various lease agreements as lessee for the use of buildings, machinery and equipment, and infrastructure. As of September 30, 2025, the value of the lease liability was $667,250. The City is required to make monthly or annual principal and interest payments through November 2028. The lease liability was valued using a discount rate ranging from 0.25% to 2.70% as determined by the City's management based on the City's estimated incremental borrowing rate.

Lessor Activities

The City has accrued a receivable for one land lease and two infrastructure leases. The remaining receivable for these leases was $5,488,221 for the year ended September 30, 2025. Deferred inflows related to these leases were $5,189,355 as of September 30, 2025. The interest rate on the leases ranged from 0.28% – 5.71%. Final receipt is expected in fiscal year 2067.

Subscription IT Activities

As of September 30, 2025, the value of the SBITA liability was $1,380,449. The City is required to make annual principal and interest payments through November 2029. The SBITA liability was valued using a discount rate ranging from 2.426% to 7.9216% as determined by the City's management based on the City's estimated incremental borrowing rate.

Interfund Transfers

The composition of interfund transfers in/out as of September 30, 2025, is as follows:

Fund	Transfers In	Transfers Out	Purpose
General	$ 1,916,068	$ 41,384	Funding for capital projects, special events, and programs
Debt Service	-	1,600,000	Reimburse general fund for prior debt service
Capital Projects	3,195,605	206,068	Funding for capital projects
Other Governmental	1,447,458	4,811,679	Funding for capital projects, special events, and programs
Water and Sewer	100,000	-	Funding for capital projects
	$ 6,659,131	$ 6,659,131	
Governmental activities	$ -	$ 2,447,395	Transfer of capital assets
Business-Type activities	2,447,395	-	Transfer of capital assets
	$ 9,106,526	$ 9,106,526	

Long-term Obligations

Long-term obligations of the City's governmental activities consist of general obligation bonds, certificates of obligation, financed purchases, lease liabilities, and SBITA liabilities. Sources of retirement of general obligation bond and certificates of obligation are provided from ad valorem tax. Governmental activities long-term obligations are paid by the debt service fund, general fund, and capital projects fund.

Long-term obligations of the City's business-type activities consist of general obligation bonds and certificates of obligation. Business-type activities long-term obligations are serviced by revenue from the Water and Sewer and Storm Drainage systems.

Compensated absences, net pension liability and total OPEB liability are paid from the fund out of which an employee is regularly paid, primarily the General Fund, Water and Sewer Fund, Storm Drainage Fund and TCEDC. The following is a summary of changes in long-term obligations for the year ended September 30, 2025:

	Beginning Balance (Restated)	Transfers/ Additions	Retirements	Ending Balance	Due Within One Year
Governmental activities					
Certificates of obligation	$ 49,392,450	$ 73,630,000	$ (6,027,400)	$ 116,995,050	$ 4,598,500
General obligation bonds	6,564,210	-	(1,485,391)	5,078,819	1,540,196
Financed purchases	5,574,372	-	(672,773)	4,901,599	679,500
Bond premiums/discounts (net)	4,434,925	5,260,927	(618,534)	9,077,318	-
Lease obligation	828,236	41,742	(202,728)	667,250	203,522
SBITA obligation	209,568	1,942,391	(771,510)	1,380,449	376,438
Net pension liability	13,999,708	-	(2,475,705)	11,524,003	-
Total OPEB liability	872,186	767	-	872,953	22,036
Compensated absences	2,746,526	-	123,844	2,870,370	2,841,666
Total governmental activities	$ 84,622,181	$ 80,875,827	$ (12,130,197)	$ 153,367,811	$ 10,261,858
Business-type activities					
Certificates of obligation	$ 45,697,550	$ 7,030,000	$ (3,012,600)	$ 49,714,950	$ 3,071,500
General obligation bonds	4,765,790	-	(1,729,609)	3,036,181	1,784,804
Bond premiums/discounts (net)	3,990,604	516,089	(421,806)	4,084,887	-
Net pension liability	2,248,378	-	(378,441)	1,869,937	-
Total OPEB liability	140,075	1,574	-	141,649	3,576
Compensated absences	300,125	-	27,883	328,008	324,728
Total business type activities	57,142,522	7,547,663	(5,514,573)	59,175,612	5,184,608
Primary government	$ 141,764,703	$ 88,423,490	$ (17,644,770)	$ 212,543,423	$ 15,446,466
Component Units					
Revenue bonds	$ 190,820,000	$ -	$ (4,900,000)	$ 185,920,000	$ 5,255,000
Bond premiums/discounts (net)	(2,570,536)	-	136,092	(2,434,444)	-
Net pension liability	221,341	(93,367)	-	127,974	-
Total OPEB liability	13,789	(4,095)	-	9,694	-
Compensated absences	21,552	-	356	21,908	51,612
	$ 188,506,146	$ (97,462)	$ (4,763,552)	$ 183,645,132	$ 5,306,612

The following is a schedule of the City's outstanding bonds:

	Governmental Activities Outstanding	Business Type Activities Outstanding	Component Units Outstanding
Certificates of Obligation			
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2013, 2.00% to 4.375%, maturing in annual installments of $155,000 to $675,000 through 2033.	$ 1,020,000	$ -	$ -
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2014, 3.00% to 6.00%, maturing in annual installments of $510,000 to $1,550,000 through 2035.	1,854,300	11,390,700	-
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2015, 3.00% to 4.00%, maturing in annual installments of $470,000 to $690,000 through 2035.	-	5,955,000	-
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2016, 3.00% to 4.00%, maturing in annual installments of $685,000 to $1,025,000 through 2037.	7,105,000	3,045,000	-
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2018, 3.00% to 4.00%, maturing in annual installments of $555,000 to $850,000 through 2038.	7,866,000	874,000	-
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2019, 3.00% to 5.00%, maturing in annual installments of $845,000 to $1,095,000 through 2039.	8,230,500	5,044,500	-
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2020, 3.00% to 5.00%, maturing in annual installments of $252,850 to $761,813 through 2040.	2,778,750	8,336,250	-
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2021, 2.00% to 5.00%, maturing in annual installments of $290,000 to $540,000 through 2040.	6,502,500	722,500	-
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2022, 4.00% to 5.00%, maturing in annual installments of $475,000 to $1,335,000 through 2039.	11,133,000	7,422,000	-
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2024, 4.00% to 5.00%, maturing in annual installments of $1,025,000 to $3,230,000 through 2044.	28,660,000	2,860,000	-
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2025, 4.00% to 5.00%, maturing in annual installments of $685,000 to $3,435,000 through 2045.	41,845,000	4,065,000	-
	116,995,050	49,714,950	-
General Obligation Bonds			
General Obligation Refunding Bonds, Series 2014, 2.00% to 5.00%, maturing in annual installments of $55,000 to $1,535,000 through 2026.	260,950	1,274,050	
General Obligation Refunding Bonds, Series 2015, 3.00% to 4.00%, maturing in annual installments of $840,000 to $1,715,000 through 2027.	1,312,400	617,600	
General Obligation Refunding Bonds, Series 2020, 3.00% to 4.00%, maturing in annual installments of $806,446 to $263,304 through 2030.	3,505,469	1,144,531	
	5,078,819	3,036,181	-

	Governmental Activities Outstanding	Business Type Activities Outstanding	Component Units Outstanding
Revenue Bonds			
Sales Tax Revenue Bonds, Series 2013 (Infrastructure Bonds), 4.50% to 7.25%, maturing in annual installments of $195,000 to $2,770,000 through 2042.	$ -	$ -	$ 26,540,000
Sales Tax Revenue Bonds, Series 2013 (Infrastructure Bonds), 4.50% to 7.25%, maturing in annual installments of $195,000 to $2,770,000 through 2042.	-	-	26,540,000
Sales Tax Increment Contract Revenue Bonds, Series 2013 (Infrastructure Bonds), 5.00% to 7.625%, maturing in annual installments through 2042.	-	-	14,420,000
Sales Tax Increment Contract Revenue Bonds, Series 2013 (Infrastructure Bonds), 2.594% to 4.881%, maturing in annual installments through 2047.	-	-	98,960,000
Sales Tax Revenue Bonds, Series 2017 (Infrastructure Bonds), 3.520%, maturing in annual installments through 2032	-	-	3,775,000
Tax Increment Contract Revenue Refunding Bonds, Series 2021, 3.580%, maturing in annual installments through 2034.	-	-	15,685,000
	-	-	185,920,000
	$ 122,073,869	$ 52,751,131	$ 185,920,000

Nebraska Furniture Mart

During March 2012, the TCEDC, TCCDC and TCLDC individually entered into a pledge agreement where the consideration of future sales tax revenue from the tax increment reinvestment zone would be used to repay debt issued by the component units to provide funding for the Nebraska Furniture Mart Texas project. This pledge was effectively an incentive agreement to secure the development of Nebraska Furniture Mart, through NFM Services, within the City of The Colony.

TCEDC and TCCDC have each pledged a portion of their future sales tax revenues to repay $29,580,000 of sales tax revenue bond series 2013 that each corporation issued in February 2013 to finance the acquisition of land and cost of construction and infrastructure associated with the Nebraska Furniture Mart Texas project. Total principal and interest remaining on each issuance is approximately $51.8 million as of September 30, 2025. Interest and principal paid were $3,143,923 and $2,532,771, respectively, for TCEDC and TCCDC during the year ended September 30, 2025. Incremental sales tax revenues recognized were $4,573,540 for both TCCDC and TCEDC with regards to each corporation's 2013 bond series during the year ended September 30, 2025.

TCLDC has pledged a portion of its future sales tax revenues to repay $142,080,000 of sales tax incremental contract revenue bonds that the Corporation issued in February 2013 to finance the acquisition of land and cost of construction and infrastructure associated with the Nebraska Furniture Mart Texas project. Total principal and interest remaining on these bonds is approximately $185.8 million as of September 30, 2025. Interest and principal paid and incremental sales tax revenues recognized were $9,686,899 and $12,344,444, respectively, during the year ended September 30, 2025.

Annual Requirements to Retire Bond Obligations

The annual requirements to retire general long-term debt, including interest, as of September 30, 2025 are as follows:

Certificates of Obligation

Fiscal Year Ending September 30	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2026	$ 4,598,500	$ 5,695,162	$ 10,293,662	$ 3,071,500	$ 2,014,394	$ 5,085,894
2027	5,507,350	4,773,683	10,281,033	3,257,650	1,814,429	5,072,079
2028	5,501,000	4,531,101	10,032,101	3,284,000	1,688,805	4,972,805
2029	5,532,600	4,273,533	9,806,133	3,392,400	1,557,655	4,950,055
2030	5,613,500	4,016,183	9,629,683	3,416,500	1,423,614	4,840,114
2031-2035	31,819,400	16,029,379	47,848,779	19,260,600	4,919,284	24,179,884
2036-2040	33,306,700	8,834,549	42,141,249	10,553,300	1,850,432	12,403,732
2041-2045	25,116,000	2,556,063	27,672,063	3,479,000	295,675	3,774,675
Total	$ 116,995,050	$ 50,709,653	$ 167,704,703	$ 49,714,950	$ 15,564,288	$ 65,279,238

General Obligation Bonds

Fiscal Year Ending September 30	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2026	$ 1,540,196	$ 222,474	$ 1,762,670	$ 1,784,804	$ 113,976	$ 1,898,780
2027	1,333,570	163,603	1,497,173	531,430	56,297	587,727
2028	701,094	110,253	811,347	228,906	35,997	264,903
2029	731,248	75,198	806,446	238,752	24,552	263,304
2030	772,711	38,636	811,347	252,289	12,614	264,903
Total	$ 5,078,819	$ 610,164	$ 5,688,983	$ 3,036,181	$ 243,436	$ 3,279,617

Revenue Bonds

Fiscal Year Ending September 30	Component Units		
	Principal	Interest	Total
2026	$ 5,255,000	$ 10,091,049	$ 15,346,049
2027	5,620,000	9,842,166	15,462,166
2028	6,005,000	9,571,383	15,576,383
2029	6,425,000	9,276,897	15,701,897
2030	6,865,000	8,949,155	15,814,155
2031-2035	40,290,000	38,818,567	79,108,567
2036-2040	44,785,000	26,876,739	71,661,739
2041-2045	48,605,000	11,332,246	59,937,246
2046-2047	22,070,000	1,657,832	23,727,832
Total	$ 185,920,000	$ 126,416,034	$ 312,336,034

Financed Purchases

During 2015, the City entered into a financed purchase agreement of $1,641,970 with principal and interest from 2.63% to 3.29% being paid through fiscal year 2024.

During 2023, the City entered into a financed purchase agreement of $6,969,000 with principal and interest of 1.0% being paid through fiscal year 2032. The agreement requires annual payments of $728,517. The City entered into the agreement to acquire land and building. The Capital Projects fund has typically been used to liquidate the liability.

The annual requirements to retire the financed purchase, including interest, as of September 30, 2025 are as follows:

Financed Purchase

Fiscal Year Ending September 30	Governmental Activities		
	Principal	Interest	Total
2026	$ 679,500	$ 49,016	$ 728,516
2027	686,295	42,221	728,516
2028	693,158	35,358	728,516
2029	700,090	28,426	728,516
2030	707,091	21,426	728,517
2031-2032	1,435,465	21,568	1,457,033
Total	$ 4,901,599	$ 198,015	$ 5,099,614

Lease Liability

The annual requirements to retire lease obligations, including interest, as of September 30, 2025 are as follows:

Lease Liability

Fiscal Year Ending September 30	Governmental Activities		
	Principal	Interest	Total
2026	$ 203,522	$ 14,947	$ 218,469
2027	206,362	10,253	216,615
2028	211,180	5,436	216,616
2029	40,094	496	40,590
2030	6,092	87	6,179
Total	$ 667,250	$ 31,219	$ 698,469

SBITA Liability

The annual requirements to retire SBITA obligations, including interest, as of September 30, 2025 are as follows:

SBITA Liability

Fiscal Year Ending September 30	Governmental Activities		
	Principal	Interest	Total
2026	$ 376,438	$ 73,517	$ 449,955
2027	324,253	54,954	379,207
2028	330,799	37,458	368,257
2029	348,959	19,297	368,256
Total	$ 1,380,449	$ 185,226	$ 1,565,675

Note 7 - Defined Benefit Pension Plan

Plan Description

The City participates as one of 938 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tmrs.com.

All eligible employees of the City are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The plan provisions are adopted by the governing body of each city, within the options available in the state statutes governing TMRS. The City has elected that members can retire at age 60 and above with 5 or more years of service or with 20 years of service regardless of age. Members may work for more than one TMRS city during their career. If a member is vested in one TMRS city, he or she is immediately vested upon employment with another TMRS city. Similarly, once a member has met the eligibility requirements for retirement in a TMRS city, he or she is eligible in other TMRS cities as well.

At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	267
Inactive employees entitled to but not yet receiving benefits	269
Active employees	437
Total	973

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 13.45% and 13.75% in calendar years 2024 and 2025, respectively. The City's contributions to TMRS for the year ended September 30, 2025, were $5,533,309, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2024, and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial assumptions: The Total Pension Liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Overall payroll growth	3.60% to 11.85% including inflation
Investment rate of return	6.75%

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS as of December 31, 2022. The assumptions were adopted in 2023 and first used in the December 31, 2023 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2025 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Public Equity	35.00%	7.10%
Core Fixed Income	6.00%	5.00%
Non-Core Fixed Income	6.00%	6.80%
Private Debt	13.00%	8.20%
Real Estate	12.00%	6.70%
Hedge Funds	5.00%	6.40%
Infrastructure	6.00%	6.00%
Other Private Markets	4.00%	7.30%
Private Equity	13.00%	8.50%
Total	100.00%	

Discount Rate: The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

Entity-Wide	Increase (Decrease) Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/ (Asset) (a) - (b)
Balance at 12/31/2023	$ 140,423,549	$ 123,954,122	$ 16,469,427
Changes for the year:			
Service cost	6,443,243	-	6,443,243
Interest	9,481,413	-	9,481,413
Change in benefit terms	-	-	-
Difference between expected and actual experience	1,441,699	-	1,441,699
Change in assumptions	-	-	-
Contributions - employer	-	4,943,110	(4,943,110)
Contributions - employee	-	2,561,198	(2,561,198)
Net investment income	-	12,894,094	(12,894,094)
Benefit payments, including refunds of contributions	(6,359,577)	(6,359,577)	-
Administrative expense	-	(82,600)	82,600
Other changes	-	(1,934)	1,934
Net changes	11,006,778	13,954,291	(2,947,513)
Balance at 12/31/2024	$ 151,430,327	$ 137,908,413	$ 13,521,914

Primary Government	Increase (Decrease) Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/ (Asset) (a) - (b)
Balance at 12/31/2023	$ 138,527,831	$ 122,279,745	$ 16,248,086
Changes for the year:			
Service cost	6,382,032	-	6,382,032
Interest	9,456,705	-	9,456,705
Change in benefit terms	-	-	-
Difference between expected and actual experience	1,428,003	-	1,428,003
Change in assumptions	-	-	-
Contributions - employer	-	4,896,150	(4,896,150)
Contributions - employee	-	2,536,867	(2,536,867)
Net investment income	-	12,771,600	(12,771,600)
Benefit payments, including refunds of contributions	(6,299,161)	(6,299,161)	-
Administrative expense	-	(81,815)	81,815
Other changes	-	(1,916)	1,916
Net changes	10,967,579	13,821,725	(2,854,146)
Balance at 12/31/2024	$ 149,495,410	$ 136,101,470	$ 13,393,940

Component Units	Increase (Decrease) Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/ (Asset) (a) - (b)
Balance at 12/31/2023	$ 1,895,718	$ 1,674,377	$ 221,341
Changes for the year:			
Service cost	61,211	-	61,211
Interest	24,708	-	24,708
Change in benefit terms	-	-	-
Difference between expected and actual experience	13,696	-	13,696
Change in assumptions	-	-	-
Contributions - employer	-	46,960	(46,960)
Contributions - employee	-	24,331	(24,331)
Net investment income	-	122,494	(122,494)
Benefit payments, including refunds of contributions	(60,416)	(60,416)	-
Administrative expense	-	(785)	785
Other changes	-	(18)	18
Net changes	39,199	132,566	(93,367)
Balance at 12/31/2024	$ 1,934,917	$ 1,806,943	$ 127,974

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the City, calculated using the discount rate of 6.75% as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability (asset)	$ 35,039,876	$ 13,521,914	$ (4,170,505)
Reported by Governmental Activities	29,862,609	11,524,003	(3,554,298)
Reported by Business-Type Activities	4,845,642	1,869,937	(576,737)
Reported by Component Units	331,624	127,974	(39,470)
	$ 35,039,876	$ 13,521,914	$ (4,170,505)

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
For the year ended September 30, 2025, the City recognized pension expense of $5,729,401.

At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Entity-Wide		Primary Government		Component Units	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 1,987,878	$ -	$ 1,969,216	$ -	$ 18,662	$ -
Changes in actuarial assumptions	-	202,295	-	200,373	-	1,922
Difference between projected and actual investment earnings	-	1,493,796	-	1,479,665	-	14,131
Contributions subsequent to the measurement date	4,254,136	-	4,213,722	-	40,414	-
Total	$ 6,242,014	$ 1,696,091	$ 6,182,938	$ 1,680,038	$ 59,076	$ 16,053

$4,254,136 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30:	Entity-Wide	Primary Govt	Component Units
2026	$ 668,767	$ 662,787	$ 5,980
2027	1,880,847	1,864,029	16,818
2028	(1,523,870)	(1,510,244)	(13,626)
2029	(733,957)	(727,394)	(6,563)
	$ 291,787	$ 289,178	$ 2,609

Note 8 - Other Post Employment Benefits

Plan Description

The City also participates in a single employer, defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage (Supplemental Death Benefits) for their active members, including or not including retirees.

Benefits Provided

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit (OPEB) and is a fixed amount of $7,500. As the SDBF covers both active and retiree employees, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan. Texas Local Government Code Section 177.001 assigns the authority to establish and amend benefit provisions to the City Council. At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	178
Inactive employees entitled to but not yet receiving benefits	50
Active employees	437
Total	665

Contributions

The City contributes to the SDBF program at a contractually required rate. An annual actuarial valuation is performed, and the contractual rate is equal to the cost of providing one-year term life insurance. The premium rate is expressed as a percentage of the covered payroll of members employed by the participating employer. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect.

The SDBF program is voluntary and employers can cease participation by adopting an ordinance before November 1 of any year to be effective the following January 1. Therefore, the funding policy of the program is to ensure that adequate resources are available to meet all insurance benefit payments for the upcoming year. It is not the intent of the funding policy to pre-fund retiree term life insurance during employees' entire careers. The City's contribution, which equaled the required contribution, was as follows for the year ended September 30:

	2025
Employer rate	0.20%
Employer contributions	$ 25,612

Actuarial Assumptions

The total OPEB liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5%
Salary increases	3.60% to 11.85%, including inflation
Discount rate	4.08%

Mortality rates for service retirees were based on the 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.

Mortality rates for disabled retirees were based on the 2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

Actuarial assumptions used in the December 31, 2024 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period ending December 31, 2022.

The SDBF program is treated as an unfunded OPEB plan because the SDBF trust covers both actives and retirees and the assets are not segregated for these groups. A discount rate of 4.08% was based on the Fidelity Index's 20-Year Municipal GO AA Index as of December 31, 2024.

OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At September 30, 2025, the City reported a total OPEB liability of $1,024,296 measured at December 31, 2024. For the year ended September 30, 2025, the City recognized OPEB expense of $47,316.

As of December 31, 2024, the discount rate used in the development of the total OPEB liability was 4.08% compared to 3.77% as of December 31, 2023.

Changes in the total OPEB liability for the measurement year ended December 31, 2024 are as follows:

	Total OPEB Liability		
Changes in Total OPEB Liability	Entity-Wide	Primary Government	Component Units
Balance at December 31, 2023	$ 1,026,050	$ 1,012,261	$ 13,789
Changes for the year:			
Service cost	47,565	51,192	(3,627)
Interest on total OPEB liability	39,096	38,725	371
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(7,194)	(7,126)	(68)
Effect of assumption changes or inputs	(55,609)	(55,081)	(528)
Benefit payments*	(25,612)	(25,369)	(243)
Balance as of December 31, 2024	$ 1,024,296	$ 1,014,602	$ 9,694

*Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Discount Rate Sensitivity Analysis

The following presents the total OPEB liability of the City, calculated using the discount rate of 4.08%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.08%) or 1 percentage point higher (5.08%) than the current rate.

	1% Decrease in Discount Rate (3.08%)	Discount Rate (4.08%)	1% Increase in Discount Rate (5.08%)
City's total OPEB liability	$ 1,220,660	$ 1,024,296	$ 869,345
Reported by Governmental Activities	1,040,304	872,953	740,896
Reported by Business-Type Activities	168,804	141,649	120,221
Reported by Component Units	11,552	9,694	8,228
	$ 1,220,660	$ 1,024,296	$ 869,345

At December 31, 2024, the City reported its deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Entity-Wide		Primary Government		Component Units	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 4,257	$ 55,436	$ 4,217	$ 54,909	$ 40	$ 527
Changes in actuarial assumptions	116,235	312,119	115,125	309,167	1,110	2,952
Contributions subsequent to the measurement date	19,462	-	19,288	-	174	-
Total	$ 139,954	$ 367,555	$ 138,630	$ 364,076	$ 1,324	$ 3,479

Deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ended September 30, 2026 in the amount of $19,462. The other net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB, excluding contributions made subsequent to the measurement date, will be recognized in OPEB expense as follows:

Year Ended September 30:	Entity-Wide	Primary Government	Component Units
2026	$ (38,125)	$ (37,900)	$ (225)
2027	(59,683)	(59,430)	(253)
2028	(77,397)	(77,110)	(287)
2029	(62,475)	(62,118)	(357)
2030	(2,408)	(2,008)	(400)
Thereafter	(6,975)	(6,755)	(220)
	$ (247,063)	$ (245,321)	$ (1,742)

Note 9 - Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2025, the City purchased commercial insurance to cover these liabilities. Additionally, the City purchases commercial insurance to cover employee health benefits. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in the past three years.

Note 10 - Commitments and Contingencies

The City participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

Estimated costs to complete significant construction projects in progress at year-end totaled approximately $16,065,000.

Note 11 - Deferred Compensation Plan

The City participates in a deferred compensation plan, which falls under Internal Revenue Code Section 457. Virtually all employees are eligible to participate in the plan. The deferred compensation plan allows the deferral of individual federal income taxes until funds are withdrawn. Funds may be withdrawn at termination, retirement, death or unforeseeable emergency. Employees may contribute a maximum of 100% of compensation included in gross income or $15,500 whichever is less. As a result of legislative changes, all amounts of compensation deferred, all property and rights purchased, and all income, property or rights are (until paid or made available to the employee or other beneficiary) held in trust for the exclusive benefit of the participants and their beneficiaries, whereas, prior to these legislative changes, these amounts were solely the property and rights of the City subject only to the claims of the City's general creditors. As a result, at September 30, 2025, the deferred compensation plan is not reported in the City's financial statements.

Note 12 - Tax Abatements

The City enters into economic development agreements authorized under Chapter 380 of the Texas Local Government Code. These agreements are planning tools designed to stimulate economic activity, redevelopment, community improvement, and provide a return on investment for the community. These programs abate or rebate property and/or sales taxes and may include other incentive payments such as fee reductions or construction costs reimbursements. Economic development agreements are considered on a case by case basis by the City Council and generally contain recapture provisions, which may require repayment or termination if recipients do not meet the required provisions of the economic incentives.

Chapter 380 of the Texas Local Government Code allows the City to provide grants for the purpose of promoting local economic development. These grants are based on a percentage of property and/or sales tax received by the City. The City had the following agreements for the fiscal year ending September 30, 2025:

- Per the Grandscape, William Sonoma, and Top Golf TIF agreement for commercial development of 433 undeveloped acres, 100% of the property tax collections from the TIRZ projects and 90% of sales tax collections from TIRZ businesses were to be abated.

- There was an agreement for Tribute properties to develop a 1,200-acre residential and golf community within the City under which 50% of property taxes was agreed to be abated.

During the year ended September 30, 2025, the City and component units abated $5,366,274 in property taxes and $7,404,047 in sales taxes.

Note 13 - Restatement

As of September 30, 2025, the City adopted GASB Statement No. 101, *Compensated Absences*. The provisions of this standard modernize the types of leave that are considered a compensated absence and provides guidance for a consistent recognition and measurement of the compensated absence liability. Therefore, compensated absences current portion and compensated absences noncurrent portion were decreased by $2,286,589 and $2,263,723, respectively, as of October 1, 2024. The effect of this change in accounting principle is described in the table below.

	October 1, 2024, As Previously Reported	Change in Accounting Principle	October 1, 2024, As Restated
Proprietary Funds			
Water and Sewer Enterprise Fund	$ 130,549,140	$ 189,523	$ 130,738,663
Government-Wide			
Governmental Activities	260,010,202	1,876,885	261,887,087
Business-Type Activities	130,549,140	189,523	130,738,663
Total Primary Government	390,559,342	2,066,408	392,625,750
Component Units			
The Colony Economic Development Corporation	7,141,829	30,658	7,172,487
Total Component Units	(92,500,205)	30,658	(92,469,547)

REQUIRED SUPPLEMENTARY INFORMATION

City of The Colony, Texas

Budgetary Comparison Schedule – General Fund (Exhibit B-1)

Year Ended September 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes				
Property	$ 29,644,191	$ 29,644,191	$ 35,017,518	$ 5,373,327
Sales	23,549,328	23,549,328	20,245,550	(3,303,778)
Mixed beverage tax	750,000	750,000	926,739	176,739
Franchise	3,050,000	3,050,000	2,987,086	(62,914)
Licenses and permits	2,905,750	2,905,750	1,634,545	(1,271,205)
Fines and forfeitures	1,110,000	1,110,000	1,148,862	38,862
Charges for services	2,309,250	2,309,250	5,165,305	2,856,055
Intergovernmental	1,247,213	1,247,213	5,309,476	4,062,263
Grants	590,000	590,000	90,281	(499,719)
Investment income	2,350,000	2,350,000	3,356,437	1,006,437
Miscellaneous income	697,000	697,000	3,080,481	2,383,481
Total revenues	68,202,732	68,202,732	78,962,280	10,759,548
Expenditures				
Current				
General government	20,637,750	21,154,880	24,016,429	(2,861,549)
Economic development	21,929,424	21,929,424	23,534,525	(1,605,101)
Culture and recreation	6,097,057	6,230,478	4,791,887	1,438,591
Public works	4,975,064	5,231,505	2,356,275	2,875,230
Public safety	34,223,340	34,617,627	34,179,120	438,507
Capital outlay	-	41,970	2,835,322	(2,793,352)
Debt service				
Principal	-	-	974,235	(974,235)
Interest	-	-	257,103	(257,103)
Total expenditures	87,862,635	89,205,884	92,944,896	(3,739,012)
Excess (Deficiency) of Revenues over (under) Expenditures	(19,659,903)	(21,003,152)	(13,982,616)	7,020,536
Other Financing Sources (Uses)				
Lease proceeds	-	-	41,742	41,742
Subscription IT proceeds	-	-	1,942,391	1,942,391
Transfers out	(10,000)	(10,000)	(41,384)	(31,384)
Transfers in	1,710,000	1,710,000	1,916,068	206,068
Total other financing sources (uses)	1,700,000	1,700,000	3,858,817	2,158,817
Net Change in Fund Balance	(17,959,903)	(19,303,152)	(10,123,799)	9,179,353
Fund balance, beginning	37,189,840	37,189,840	37,189,840	-
Fund balance, ending	$ 19,229,937	$ 17,886,688	$ 27,066,041	$ 9,179,353

City of The Colony, Texas

Schedule of Changes in Net Pension Liability and Related Ratios – Texas Municipal Retirement System (Exhibit B-2)

Year Ended September 30, 2025

	Year Ended December 31, 2024	Year Ended December 31, 2023	Year Ended December 31, 2022	Year Ended December 31, 2021	Year Ended December 31, 2020	Year Ended December 31, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015
Total Pension Liability										
Service cost	$ 6,443,243	$ 5,610,086	$ 5,156,067	$ 4,833,901	$ 4,598,382	$ 4,260,983	$ 3,870,905	$ 3,593,344	$ 3,247,190	$ 3,038,645
Interest on total pension liability	9,481,413	8,822,421	8,260,909	7,705,205	7,143,318	6,525,581	6,090,550	5,640,026	5,246,784	4,956,953
Changes of benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	1,441,699	1,273,565	146,281	475,568	686,320	1,392,962	(201,099)	653,253	395,250	681,456
Change of assumptions	-	(354,399)	-	-	-	469,452	-	-	-	1,451,967
Benefit payments/refunds of contributions	(6,359,577)	(5,651,226)	(5,291,919)	(4,594,279)	(3,848,793)	(3,483,246)	(3,537,724)	(3,164,226)	(3,308,765)	(3,324,791)
Net change in total pension liability	11,006,778	9,700,447	8,271,338	8,420,395	8,579,227	9,165,732	6,222,632	6,722,397	5,580,459	6,804,230
Total pension liability, beginning	140,423,549	130,723,102	122,451,764	114,031,369	105,452,142	96,286,410	90,063,778	83,341,381	77,760,922	70,956,692
Total pension liability, ending (a)	$ 151,430,327	$ 140,423,549	$ 130,723,102	$ 122,451,764	$ 114,031,369	$ 105,452,142	$ 96,286,410	$ 90,063,778	$ 83,341,381	$ 77,760,922
Fiduciary Net Position										
Contributions - Employer	$ 4,943,110	$ 4,450,840	$ 4,080,627	$ 3,861,496	$ 3,509,336	$ 3,330,020	$ 3,044,002	$ 2,825,357	$ 2,343,572	$ 2,336,643
Contributions - Employee	2,561,198	2,315,788	2,120,592	2,003,458	1,900,158	1,790,133	1,630,948	1,512,352	1,360,283	1,309,761
Net investment income	12,894,094	12,766,249	(8,610,826)	13,461,929	7,176,504	12,447,283	(2,451,824)	9,825,153	4,466,472	96,983
Benefit payments/refunds of contributions	(6,359,577)	(5,651,226)	(5,291,919)	(4,594,279)	(3,848,793)	(3,483,246)	(3,537,724)	(3,164,226)	(3,308,765)	(3,324,791)
Administrative expenses	(82,600)	(81,107)	(74,437)	(62,232)	(46,406)	(70,294)	(47,376)	(50,917)	(50,436)	(59,070)
Other	(1,934)	(565)	88,824	426	(1,631)	(2,113)	(2,475)	(2,581)	(2,717)	(2,918)
Net change in fiduciary net position	13,954,291	13,799,979	(7,687,139)	14,670,798	8,689,168	14,011,783	(1,364,449)	10,945,138	4,808,409	356,608
Fiduciary net position, beginning	123,954,122	110,154,143	117,841,282	103,170,484	94,481,316	80,469,533	81,833,982	70,888,844	66,080,435	65,723,827
Fiduciary net position, ending (b)	$ 137,908,413	$ 123,954,122	$ 110,154,143	$ 117,841,282	$ 103,170,484	$ 94,481,316	$ 80,469,533	$ 81,833,982	$ 70,888,844	$ 66,080,435
Net pension liability (asset), ending = (a) - (b)	$ 13,521,914	$ 16,469,427	$ 20,568,959	$ 4,610,482	$ 10,860,885	$ 10,970,826	$ 15,816,877	$ 8,229,796	$ 12,452,537	$ 11,680,487
Fiduciary net position as a percentage of total pension liability	91.07%	88.27%	84.27%	96.23%	90.48%	89.60%	83.57%	90.86%	85.06%	84.98%
Covered payroll	$ 36,588,516	$ 33,072,876	$ 30,294,165	$ 28,619,902	$ 27,145,113	$ 25,576,127	$ 23,248,678	$ 21,607,602	$ 19,432,616	$ 18,710,868
Net pension liability as a percentage of covered payroll	36.96%	49.80%	67.90%	16.11%	40.01%	42.89%	68.03%	38.09%	64.08%	62.43%

Note: The information from this schedule corresponds with the period covered as of the Plan's measurement dates of December 31.

Year Ending September 30,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2016	$ 2,399,108	$ 2,399,108	$ -	$ 19,236,056	12.47%
2017	2,723,827	2,723,827	-	19,440,612	14.01%
2018	2,998,437	2,998,437	-	22,698,203	13.21%
2019	3,247,835	3,247,835	-	24,667,551	13.17%
2020	3,477,782	3,477,782	-	26,570,811	13.09%
2021	3,770,299	3,770,299	-	28,244,747	13.35%
2022	3,861,496	3,861,496	-	30,774,816	12.55%
2023	4,080,627	4,080,627	-	32,146,158	12.69%
2024	4,934,490	4,934,490	-	35,912,284	13.74%
2025	5,533,309	5,533,309	-	38,743,439	14.28%

Note: The information from this schedule corresponds with the City's fiscal years ended September 30.

City of The Colony, Texas

Schedule of Changes in Total OPEB Liability and Related Ratios – Supplemental Death Benefits Plan (Exhibit B-4)

Year Ended September 30, 2025

	Year Ended December 31, 2024	Year Ended December 31, 2023	Year Ended December 31, 2022	Year Ended December 31, 2021	Year Ended December 31, 2020	Year Ended December 31, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017
Total OPEB Liability								
Service cost	$ 47,565	$ 39,694	$ 81,794	$ 71,550	$ 57,005	$ 40,922	$ 41,848	$ 32,411
Interest on total OPEB liability	39,096	37,468	25,390	26,044	29,359	30,875	28,018	27,153
Changes of benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(7,194)	6,021	(43,826)	(46,639)	(17,505)	(11,620)	(15,239)	-
Change of assumptions	(55,609)	50,802	(473,215)	42,215	171,209	172,459	(62,382)	69,501
Benefit payments	(25,612)	(26,463)	(21,206)	(20,034)	(5,429)	(5,115)	(6,975)	(4,322)
Net change in total OPEB liability	(1,754)	107,522	(431,063)	73,136	234,639	227,521	(14,730)	124,743
Total OPEB liability, beginning	1,026,050	918,528	1,349,591	1,276,455	1,041,816	814,295	829,025	704,282
Total OPEB liability, ending	$ 1,024,296	$ 1,026,050	$ 918,528	$ 1,349,591	$ 1,276,455	$ 1,041,816	$ 814,295	$ 829,025
Covered payroll	$ 36,588,516	$ 33,072,876	$ 33,072,876	$ 30,294,165	$ 27,145,113	$ 25,576,127	$ 23,248,678	$ 21,607,602
Total OPEB liability as a percentage of covered payroll	2.80%	3.10%	2.78%	4.45%	4.70%	4.07%	3.50%	3.84%

Note: The information from this schedule corresponds with the period covered as of the Plan's measurement dates of December 31. Plan information was unavailable prior to 2017. Ten years will ultimately be displayed.

No assets are accumulated in a trust as defined by GASB 75. Benefits are on a pay as you go basis.

Note A: Net Pension Liability – Texas Municipal Retirement System

Assumptions

The following methods and assumptions were used to determine contribution rates:

Valuation date	Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	21 years
Asset valuation method	10-year smoothed market; 12% soft corridor
Inflation	2.50%
Salary increases	3.60% to 11.85%, including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 with immediate convergence. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 with immediate convergence.
Notes:	There were no benefit changes during the year.

Note B: Total OPEB Liability – Texas Municipal Retirement System

Summary of actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation	2.50%
Discount rate*	4.08%
Salary increases	3.60% to 11.85%, including inflation
Retirees' share- benefit-related costs	$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rate- service retirees	2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 with immediate convergence.
Mortality rate- disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 with immediate convergence to account for future mortality improvements subject to the floor.

The actuarial assumptions used in the December 31 valuation were based on the results of an actuarial experience study for the period ended December 31, 2022.

* The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" as of December 31, 2024.

Note C: Budgetary Process

The City Council adheres to the following procedures in establishing the budgets reflected in the financial statements:

1. Prior to July 31, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. The proposed budget is filed with the City Secretary not less than 30 days prior to the time the City Council approves the tax levy for the fiscal year commencing the following October 1. Public hearings are conducted to obtain taxpayers' comments.
3. Prior to October 1, the budget is legally enacted by the City Council through passage of an ordinance.
4. The City Manager has authority to transfer appropriation balances from one expenditure account to another within a single department of the City. Only the City Council may transfer any unencumbered appropriation balance or portion thereof from one department to another. Appropriations lapse at the end of the fiscal year.

An annual budget is legally adopted for the General Fund using accounting principles generally accepted in the United States of America in all material respects.

Expenditures exceeded appropriations in the general fund as follows during the year ended September 30, 2025:

- General Government ($2,131,742)
- Economic Development ($783,264)
- Capital Outlay ($2,793,352)
- Debt Service ($1,231,338)

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Revenues				
Property taxes	$ 11,183,040	$ 11,183,040	$ 10,423,272	$ (759,768)
Investment income	500,000	500,000	546,432	46,432
Total revenues	11,683,040	11,683,040	10,969,704	(713,336)
Expenditures				
Debt service				
Principal	4,635,693	4,635,693	7,512,794	(2,877,101)
Interest	2,047,534	2,047,534	3,436,822	(1,389,288)
Total expenditures	6,683,227	6,683,227	10,949,616	(4,266,389)
Excess (Deficiency) of Revenues over (under) Expenditures	4,999,813	4,999,813	20,088	(4,979,725)
Other Financing Sources (Uses)				
Transfer out	(1,600,000)	(1,600,000)	(1,600,000)	-
Total other financing sources (uses)	(1,600,000)	(1,600,000)	(1,600,000)	-
Net Change in Fund Balance	3,399,813	3,399,813	(1,579,912)	(4,979,725)
Fund Balance - October 1 (Beginning)	7,124,759	7,124,759	7,124,759	-
Fund Balance - September 30 (Ending)	$ 10,524,572	$ 10,524,572	$ 5,544,847	$ (4,979,725)

Special Revenue Funds

The Special Revenue Funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted or committed to expenditures for specific purposes.

Lake Parks Fund – To account for revenue generated by fees and permits to enter and utilize the park area and facilities located on the eastern shore of Lake Lewisville.

Special Events Fund – To account for various special events of the City including Christmas decorations, 4th of July fireworks display, and other special events held by the City.

Hotel/Motel Taxes Fund – To account for the receipt and allocation of the City's hotel/motel occupancy tax.

Police Forfeited Fund – To account for the funds granted to the police department that have been awarded by the court. Consolidated to Public Safety Fund.

Federal Seized Fund – To account for funds granted to the police department in a revenue sharing agreement with the federal government. Consolidated to Public Safety Fund.

Child Safety Fund – To account for child safety fees collected according to state statute to fund the school crossing guard program and other programs designed to enhance child safety, health or nutrition. Consolidated to Public Safety Fund.

Storm Water Utility Fund – To account for the revenue and expenses associated with the drainage projects within the City.

Public Safety Fund – To account for the revenue and expenses associated with various funds granted for public safety initiatives.

Court Security Fund – To account for the revenue and expenditures associated with the portion of traffic tickets that have been restricted for the security of the Municipal Court. Consolidated to Public Safety Fund.

Court Technology Fund – To account for the revenue and expenditures associated with the portion of traffic tickets restricted for upgrading the technology in the Municipal Court. Consolidated to Public Safety Fund.

Keep The Colony Beautiful – To account for revenue and expenditures associated with the City supported community volunteer program designed to help property owners who can't maintain their properties due to financial or physical limitations.

Citizens Donations Fund – To account for money received from the $1 Add-On Program and the Recycling Rebate Program. This money is restricted for social and community services, public safety citizen programs and beautification projects.

Public Improvement District (PID) No.1 – To account for revenues and expenditures related to the City of The Colony Public Improvement District No. 1.

Trinity North Medical – To account for revenues and expenditures related to the City of The Colony renting out space in their building that is externally restricted.

Juvenile Case – To account for revenues and expenditures related to the City of The Colony's juvenile court. Consolidated to Public Safety Fund.

City of The Colony, Texas
Combining Balance Sheet – Nonmajor Governmental Funds (Exhibit C-2)
September 30, 2025

	Lake Parks	Special Events	Hotel / Motel Taxes	Police Forfeited Fund	Federal Seized Fund	Child Safety Fund	Storm Water Utility	Public Safety Fund
Assets								
Cash and cash equivalents	$ 2,706,921	$ 237,445	$ 3,696,765	$ -	$ -	$ -	$ 1,648,371	$ 794,211
Receivables (net of allowance)								
Hotel/motel taxes	-	-	491,975	-	-	-	-	-
Leases	1,541,691	-	-	-	-	-	-	-
Miscellaneous	101,100	-	-	-	-	-	-	53,279
Prepaid items	-	-	12,909	-	-	-	-	-
Total assets	$ 4,349,712	$ 237,445	$ 4,201,649	$ -	$ -	$ -	$ 1,648,371	$ 847,490
Liabilities								
Accounts payable	$ 6,004	$ 56,457	$ 83,443	$ -	$ -	$ -	$ -	$ 40
Accrued liabilities	616	4,316	13,852	-	-	-	-	-
Retainage payable	29,801	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Total liabilities	36,421	60,773	97,295	-	-	-	-	40
Deferred Inflows of Resources								
Lease related	1,450,655	-	-	-	-	-	-	-
Unavailable revenue	-	-	201,465	-	-	-	-	-
Total deferred inflows of resources	1,450,655	-	201,465	-	-	-	-	-
Fund Balances								
Nonspendable	-	-	12,909	-	-	-	-	-
Restricted	-	-	3,889,980	-	-	-	1,648,371	847,450
Committed	2,862,636	176,672	-	-	-	-	-	-
Total fund balances	2,862,636	176,672	3,902,889	-	-	-	1,648,371	847,450
Total liabilities, deferred inflows of resources and fund balances	$ 4,349,712	$ 237,445	$ 4,201,649	$ -	$ -	$ -	$ 1,648,371	$ 847,490

	Court Security	Court Technology	Keep The Colony Beautiful	Citizens Donations	PID No. 1	Trinity North Medical	Juvenile Case	Total Nonmajor Special Revenue Funds
Assets								
Cash and cash equivalents	$ -	$ -	$ 14,699	$ 11,128	$ 1,121,450	$ -	$ -	$ 10,230,990
Receivables (net of allowance)								
Hotel/motel taxes	-	-	-	-	-	-	-	491,975
Leases	-	-	-	-	-	-	-	1,541,691
Miscellaneous	-	-	-	-	-	-	-	154,379
Prepaid items	-	-	-	-	-	-	-	12,909
Total assets	$ -	$ -	$ 14,699	$ 11,128	$ 1,121,450	$ -	$ -	$ 12,431,944
Liabilities								
Accounts payable	$ -	$ -	$ 3,899	$ -	$ 38,364	$ -	$ -	$ 188,207
Accrued salaries	-	-	-	-	-	-	-	18,784
Other liabilities	-	-	-	-	-	-	-	29,801
Due to other funds	-	-	-	-	-	-	-	-
Total liabilities	-	-	3,899	-	38,364	-	-	236,792
Deferred Inflows of Resources								
Lease related	-	-	-	-	-	-	-	1,450,655
Unavailable revenue	-	-	-	-	-	-	-	201,465
Total deferred inflows of resources	-	-	-	-	-	-	-	1,652,120
Fund Balances								
Nonspendable	-	-	-	-	-	-	-	12,909
Restricted	-	-	-	11,128	1,083,086	-	-	7,480,015
Committed	-	-	10,800	-	-	-	-	3,050,108
Total fund balances	-	-	10,800	11,128	1,083,086	-	-	10,543,032
Total liabilities, deferred inflows of resources and fund balances	$ -	$ -	$ 14,699	$ 11,128	$ 1,121,450	$ -	$ -	$ 12,431,944

City of The Colony, Texas

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds (Exhibit C-3)

Year Ended September 30, 2025

	Lake Parks	Special Events	Hotel / Motel Taxes	Police Forfeited Fund	Federal Seized Fund	Child Safety Fund	Storm Water Utility	Public Safety Fund
Revenues								
Taxes								
Hotel occupancy tax	$ -	$ -	$ 2,332,854	$ -	$ -	$ -	$ -	$ -
Licenses and permits	392,814	-	-	-	-	-	-	-
Fines & forfeitures	-	-	-	-	-	-	-	140,409
Charges for services	1,859	-	-	-	-	-	1,340,174	-
Gifts and contributions	-	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	-	55,020
Investment income	38,130	-	-	-	-	-	-	-
Miscellaneous income	405,024	77,337	339,836	-	-	-	-	19,180
Total revenues	837,827	77,337	2,672,690	-	-	-	1,340,174	214,609
Expenditures								
Current								
General government	-	-	-	-	-	-	-	-
Culture and recreation	247,834	701,922	1,938,762	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	85,823
Capital outlay	436,647	-	-	-	-	-	-	-
Total expenditures	684,481	701,922	1,938,762	-	-	-	-	85,823
Excess (Deficiency) of Revenues over (under) Expenditures	153,346	(624,585)	733,928	-	-	-	1,340,174	128,786
Other Financing Sources (Uses)								
Transfers out	(50,000)	-	(700,000)	(26,787)	(12,935)	(97,499)	(3,156,534)	(18,794)
Transfers in	-	700,000	-	-	-	-	-	737,458
Total Other Financing Sources (Uses)	(50,000)	700,000	(700,000)	(26,787)	(12,935)	(97,499)	(3,156,534)	718,664
Net Change in Fund Balance	103,346	75,415	33,928	(26,787)	(12,935)	(97,499)	(1,816,360)	847,450
Fund Balance - October 1 (Beginning)	2,759,290	101,257	3,868,961	26,787	12,935	97,499	3,464,731	-
Fund Balance - September 30 (Ending)	$ 2,862,636	$ 176,672	$ 3,902,889	$ -	$ -	$ -	$ 1,648,371	$ 847,450

	Court Security	Court Technology	Keep The Colony Beautiful	Citizens Donations	PID No. 1	Trinity North Medical	Juvenile Case	Total Nonmajor Special Revenue Funds
Revenues								
Taxes								
Hotel occupancy tax	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,332,854
Licenses and permits	-	-	-	-	-	-	-	392,814
Fines & forfeitures	-	-	-	-	-	-	-	140,409
Charges for services	-	-	-	-	1,100,261	-	-	2,442,294
Gifts and contributions	-	-	-	234	-	-	-	234
Grants	-	-	-	-	-	-	-	55,020
Investment income	-	-	-	-	69,661	-	-	107,791
Miscellaneous income	-	-	274	-	-	97	-	841,748
Total revenues	-	-	274	234	1,169,922	97	-	6,313,164
Expenditures								
Current								
General government	-	-	-	-	942,086	-	-	942,086
Culture and recreation	-	-	-	-	-	-	-	2,888,518
Public works	-	-	13,400	-	-	-	-	13,400
Public safety	-	-	-	-	-	-	-	85,823
Capital outlay	-	-	-	-	-	-	-	436,647
Total expenditures	-	-	13,400	-	942,086	-	-	4,366,474
Excess (Deficiency) of Revenues over (under) Expenditures	-	-	(13,126)	234	227,836	97	-	1,946,690
Other Financing Sources (Uses)								
Transfers out	(337,732)	(35,593)	-	-	-	(157,687)	(218,118)	(4,811,679)
Transfers in	-	-	10,000	-	-	-	-	1,447,458
Total Other Financing Sources (Uses)	(337,732)	(35,593)	10,000	-	-	(157,687)	(218,118)	(3,364,221)
Net Change in Fund Balance	(337,732)	(35,593)	(3,126)	234	227,836	(157,590)	(218,118)	(1,417,531)
Fund Balance - October 1 (Beginning)	337,732	35,593	13,926	10,894	855,250	157,590	218,118	11,960,563
Fund Balance - September 30 (Ending)	$ -	$ -	$ 10,800	$ 11,128	$ 1,083,086	$ -	$ -	$ 10,543,032

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Revenues				
Licenses and permits	$ 304,000	$ 304,000	$ 392,814	$ 88,814
Charges for services	1,000	1,000	1,859	859
Investment income	-	-	38,130	38,130
Miscellaneous income	222,000	222,000	405,024	183,024
Total revenues	527,000	527,000	837,827	310,827
Expenditures				
Current				
Culture and recreation	233,500	282,650	247,834	34,816
Capital outlay	1,023,072	1,003,072	436,647	566,425
Total expenditures	1,256,572	1,285,722	684,481	601,241
Excess (Deficiency) of Revenues over (under) Expenditures	(729,572)	(758,722)	153,346	912,068
Other Financing Sources (Uses)				
Transfers out	(50,000)	(50,000)	(50,000)	-
Total Other Financing Sources (Uses)	(50,000)	(50,000)	(50,000)	-
Net Change in Fund Balance	(779,572)	(808,722)	103,346	912,068
Fund Balance - October 1 (Beginning)	2,759,290	2,759,290	2,759,290	-
Fund Balance - September 30 (Ending)	$ 2,029,718	$ 1,950,568	$ 2,862,636	$ 912,068

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Miscellaneous income	$ 72,200	$ 72,200	$ 77,337	$ 5,137
Total revenues	72,200	72,200	77,337	5,137
Expenditures				
Current				
Culture and recreation	694,388	716,388	701,922	14,466
Total expenditures	694,388	716,388	701,922	14,466
Excess (Deficiency) of Revenues over Expenditures	(622,188)	(644,188)	(624,585)	19,603
Other Financing Sources (Uses)				
Transfers in	700,000	700,000	700,000	-
Total Other Financing Sources (Uses)	700,000	700,000	700,000	-
Net Change in Fund Balance	77,812	55,812	75,415	19,603
Fund Balance - October 1 (Beginning)	101,257	101,257	101,257	-
Fund Balance - September 30 (Ending)	$ 179,069	$ 157,069	$ 176,672	$ 19,603

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Revenues				
Taxes				
Hotel occupancy tax	$ 2,010,000	$ 2,010,000	$ 2,332,854	$ 322,854
Miscellaneous income	-	-	339,836	339,836
Total revenues	2,010,000	2,010,000	2,672,690	662,690
Expenditures				
Current				
Culture and recreation	1,852,655	1,852,655	1,938,762	(86,107)
Total expenditures	1,852,655	1,852,655	1,938,762	(86,107)
Excess (Deficiency) of Revenues over Expenditures	157,345	157,345	733,928	576,583
Other Financing Sources (Uses)				
Transfers out	(700,000)	(700,000)	(700,000)	-
Total Other Financing Sources (Uses)	(700,000)	(700,000)	(700,000)	-
Net Change in Fund Balance	(542,655)	(542,655)	33,928	576,583
Fund Balance - October 1 (Beginning)	3,868,961	3,868,961	3,868,961	-
Fund Balance - September 30 (Ending)	$ 3,326,306	$ 3,326,306	$ 3,902,889	$ 576,583

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Charges for services	$ 1,300,000	$ 1,300,000	$ 1,340,174	$ 40,174
Total revenues	1,300,000	1,300,000	1,340,174	40,174
Expenditures				
Current				
Public works	-	-	-	-
Total expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	1,300,000	1,300,000	1,340,174	40,174
Other Financing Sources (Uses)				
Transfers out	(150,000)	(150,000)	(3,156,534)	(3,006,534)
Total Other Financing Sources (Uses)	(150,000)	(150,000)	(3,156,534)	(3,006,534)
Net Change in Fund Balance	1,150,000	1,150,000	(1,816,360)	(2,966,360)
Fund Balance - October 1 (Beginning)	3,464,731	3,464,731	3,464,731	-
Fund Balance - September 30 (Ending)	$ 4,614,731	$ 4,614,731	$ 1,648,371	$ (2,966,360)

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Revenues				
Fines & forfeitures	$ 86,000	$ 86,000	$ 140,409	$ 54,409
Grants	50,000	50,000	55,020	5,020
Miscellaneous income	-	-	19,180	19,180
Total revenues	136,000	136,000	214,609	78,609
Expenditures				
Current				
Public safety	76,300	92,220	85,823	6,397
Total expenditures	76,300	92,220	85,823	6,397
Excess (Deficiency) of Revenues over Expenditures	59,700	43,780	128,786	85,006
Other Financing Sources (Uses)				
Transfers out	(10,000)	(10,000)	(18,794)	(8,794)
Transfers in	-	-	737,458	737,458
Total Other Financing Sources (Uses)	(10,000)	(10,000)	718,664	728,664
Net Change in Fund Balance	49,700	33,780	847,450	813,670
Fund Balance - October 1 (Beginning)	-	-	-	-
Fund Balance - September 30 (Ending)	$ 49,700	$ 33,780	$ 847,450	$ 813,670

The Colony Economic Development Corporation (TCEDC)– TCEDC is a legally separate entity from the City and was organized exclusively for the public purposes of the promotion and development of new and expanded business enterprises to provide and encourage employment in the furtherance of public welfare.

The Colony Community Development Corporation (TCCDC) – TCCDC is a legally separate entity from the City and was organized for the purpose of the promotion of economic development by developing, implementing, and financing projects under the Development Corporation Act of 1979.

The Colony Local Development Corporation (TCLDC) – The TCLDC is a legally separate entity from the City and was organized exclusively for the purpose of serving as the primary governing body for the funding of the Tax Increment Reinvestment Zone Number One public infrastructure between the City and NFM Services.

	The Colony Economic Development Corporation	The Colony Community Development Foundation	The Colony Local Development Corporation	Total Discretely Presented Component Units
Assets				
Cash and cash equivalents	$ 24,955,421	$ 10,994,432	$ 7,269,378	$ 43,219,231
Receivables (net of allowance)				
Sales taxes	1,650,466	1,650,466	-	3,300,932
Restricted assets	8,411,296	8,411,079	11,221,290	28,043,665
Due from other governments	-	-	1,575,409	1,575,409
Total assets	$ 35,017,183	$ 21,055,977	$ 20,066,077	$ 76,139,237
Liabilities				
Accounts payable	$ 44,065	$ 5,148	$ -	$ 49,213
Accrued liabilities	219,187	205,144	-	424,331
Total liabilities	263,252	210,292	-	473,544
Fund Balances				
Restricted for construction	2,757,162	-	-	2,757,162
Unassigned	31,996,769	20,845,685	20,066,077	72,908,531
Total fund balances	34,753,931	20,845,685	20,066,077	75,665,693
Total liabilities and fund balances	$ 35,017,183	$ 21,055,977	$ 20,066,077	$ 76,139,237

City of The Colony, Texas

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position – Component Units

(Exhibit F-2)

Year Ended September 30, 2025

	The Colony Economic Development Corporation	The Colony Community Development Foundation	The Colony Local Development Corporation
Total Fund Balances - Component Units (CU)	$ 34,753,931	$ 20,845,685	$ 20,066,077
Amounts reported for CU in the statement of net position are different because:			
Capital assets used in CU are not current financial resources and therefore are not reported in the balance sheet.	7,226,312	-	22,321,911
Prepaid insurance costs associated with the issuance of bonds are recorded as expenditures at the time of issuance in the CU financial statements. In the statement of net position, these costs are recorded as an asset and amortized into expense over the life of the debt.	-	-	2,424,046
Included in liabilities is the recognition of the CU's net pension liability, total OPEB liability and the related deferred inflows and outflows of resources:			
Net pension liability	(127,974)	-	-
Total OPEB liability	(9,694)	-	-
Deferred outflows of resources - pension	59,076	-	-
Deferred outflows of resources - OPEB	1,324	-	-
Deferred inflows of resources - pension	(16,053)	-	-
Deferred inflows of resources - OPEB	(3,479)	-	-
Some liabilities, including bonds payable and compensated absences, are not due and payable in the current year and therefore are not reported in the CU's financial stateents:			
Bonds payable	(30,315,000)	(26,540,000)	(129,065,000)
Unamortized discount on bonds payable	1,206,834	1,206,834	20,776
Compensated absences	(21,908)	-	-
Deferred charge on refunding	-	-	258,227
Accrued interest is not due and payable in the current year and therefore is not reported as a liability in the CU's financial statements.	(975,559)	(958,588)	(3,121,471)
Net Position of Component Units	$ 11,777,810	$ (5,446,069)	$ (87,095,434)

	The Colony Economic Development Corporation	The Colony Community Development Foundation	The Colony Local Development Corporation	Total Discretely Presented Component Units
Revenues				
Taxes				
Sales	$ 9,859,575	$ 9,859,575	$ -	$ 19,719,150
Intergovernmental	-	-	12,344,444	12,344,444
Investment income	1,258,646	887,304	309,054	2,455,004
Miscellaneous income	777,318	778,421	10,000	1,565,739
Total revenues	11,895,539	11,525,300	12,663,498	36,084,337
Expenditures				
Current				
Economic development	5,097,379	6,797,340	1,726,754	13,621,473
Capital outlay	57,304	-	-	57,304
Debt service				
Principal retirement	1,000,000	530,000	3,370,000	4,900,000
Interest and fiscal charges	2,076,877	1,935,725	6,518,117	10,530,719
Total expenditures	8,231,560	9,263,065	11,614,871	29,109,496
Excess (Deficiency) of Revenues over (under) Expenditures	3,663,979	2,262,235	1,048,627	6,974,841
Net Change in Fund Balance	3,663,979	2,262,235	1,048,627	6,974,841
Fund Balance - October 1 (Beginning)	31,089,952	18,583,450	19,017,450	68,690,852
Fund Balance - September 30 (Ending)	$ 34,753,931	$ 20,845,685	$ 20,066,077	$ 75,665,693

City of The Colony, Texas

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities – Component Units (Exhibit F-4)

Year Ended September 30, 2025

	The Colony Economic Development Corporation	The Colony Community Development Foundation	The Colony Local Development Corporation
Net Change in Fund Balances - Component Units (CU)	$ 3,663,979	$ 2,262,235	$ 1,048,627
Amounts reported for CU in the statement of activities are different because:			
The CU report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is capitalized and depreciated over the estimated useful lives:			
Capital outlay	57,304	-	-
Depreciation expense	(72,788)	-	-
The issuance of long-term debt (e.g. bonds) provides current financial resources of funds, while the repayment of the principal of long-term debt consumes the current financial resources. The amount is the net effect of these differences in the treatment of long-term debt and related items:			
Bond principal	1,000,000	530,000	3,370,000
Current year amortization of the costs of discounts on debt issuance and deferred charges on refundings do not require the use of current financial resources; and therefore, not reported as expenditures in governmental funds:			
Amortization of discounts on debt issuance	(67,046)	(67,046)	(2,000)
Amortization of deferred charges on refundings	-	-	(46,081)
Amortization of prepaid insurance	-	-	(110,185)
The payment of compensated absences payable is an expenditure in the governmental funds when paid, but the net change in the accrued liability is recorded to the statement of activities.	(356)	-	-
Current year changes in accrued interest payable do not require the use of current financial resources; therefore, are not reported as expenditures in the CU financial statements.	20,663	18,550	63,457
Changes in the deferred outflows of resources, deferred inflows of resources, net pension liability, and total OPEB liability must be recorded as expenses:			
Net pension liability	38,630	54,737	-
Total OPEB liability	685	3,410	-
Deferred outflows of resources - pension	(22,415)	(26,774)	-
Deferred outflows of resources - OPEB	(761)	(685)	-
Deferred inflows of resources - pension	(13,237)	925	-
Deferred inflows of resources - OPEB	665	1,361	-
Change in Net Position of Component Units	$ 4,605,323	$ 2,776,713	$ 4,323,818

STATISTICAL SECTION

STATISTICAL SECTION
(Unaudited)

The City of the Colony's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

		Tables
Financial Trends	These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	1-4
Revenue Capacity	These schedules present information to help the reader assess the City's most significant local revenue source, the property tax.	5-8
Debt Capacity	These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	9-13
Demographic and Economic Indicators	These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	14-16
Operating Information	These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relate to the services the City provides and the activities it performs.	17-18

TABLE 1

CITY OF THE COLONY, TEXAS
NET ASSETS BY COMPONENT
ACCRUAL BASIS OF ACCOUNTING
LAST TEN FISCAL YEARS (UNAUDITED)

	Fiscal Year									
	2016	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Governmental activities										
Net investment in capital assets	$ 216,941,085	$ 204,138,146	$ 193,724,440	$ 197,783,498	$ 198,340,131	$ 200,374,394	$ 204,593,915	$ 205,888,249	$ 211,834,115	$ 212,965,547
Restricted for:										
Debt service	1,826,579	1,027,528	902,127	863,999	1,802,592	3,183,352	5,124,388	5,296,697	6,878,981	4,134,305
Construction	367,397	367,397	-	-	-	-	-	-	-	-
Capital Projects	791,860	1,729,804	4,716,830	4,538,583	6,866,640	4,130,506	242,568	9,287,925	809,584	5,654,304
Specific Programs	1,264,226	1,684,065	2,313,497	3,694,856	3,659,079	5,405,009	9,302,645	9,096,902	10,006,842	8,233,792
Unrestricted	17,693,194	8,666,844	8,704,028	5,535,911	8,170,872	10,102,289	15,069,535	29,088,361	30,480,680	18,981,161
Total governmental activities net position	$ 238,884,341	$ 217,613,784	$ 210,360,922	$ 212,416,847	$ 218,839,314	$ 223,195,550	$ 234,333,051	$ 258,658,134	$ 260,010,202	$ 249,969,109
Business-type activities										
Invested in capital assets										
Net investment in capital assets	$ 25,654,373	$ 97,282,865	$ 103,990,659	$ 103,881,697	$ 105,088,143	$ 105,104,266	$ 105,648,298	$ 105,513,597	$ 108,929,168	$ 114,245,912
Restricted for:										
Capital Projects	1,413,437	2,323,551	2,482,944	2,039,020	1,704,315	1,074,088	1,358,869	952,104	2,565,461	2,277,964
Unrestricted	17,934,272	2,128,657	4,887,549	7,666,343	6,525,997	6,542,891	7,990,465	11,523,144	19,054,511	24,667,144
Total business-type activities net position	$ 45,002,082	$ 101,735,073	$ 111,361,152	$ 113,587,060	$ 113,318,455	$ 112,721,245	$ 114,997,632	$ 117,988,845	$ 130,549,140	$ 141,191,020
Primary government										
Invested in capital assets										
Net investment in capital assets	$ 242,595,458	$ 301,421,011	$ 297,715,099	$ 301,665,195	$ 303,428,274	$ 305,478,660	$ 310,242,213	$ 311,401,846	$ 320,763,283	$ 327,211,459
Restricted for:										
Debt service	1,826,579	1,027,528	902,127	863,999	1,802,592	3,183,352	5,124,388	5,296,697	6,878,981	4,134,305
Construction	367,397	367,397	-	-	-	-	-	-	-	-
Capital Projects	2,205,297	4,053,355	7,199,774	6,577,603	8,570,955	5,204,594	1,601,437	10,240,029	3,375,045	7,932,268
Specific Programs	1,264,226	1,684,065	2,313,497	3,694,856	3,659,079	5,405,009	9,302,645	9,096,902	10,006,842	8,233,792
Unrestricted	35,627,466	10,795,501	13,591,577	13,202,254	14,696,869	16,645,180	23,060,000	40,611,505	49,535,191	43,648,305
Total primary governmental net position	$ 283,886,423	$ 319,348,857	$ 321,722,074	$ 326,003,907	$ 332,157,769	$ 335,916,795	$ 349,330,683	$ 376,646,979	$ 390,559,342	$ 391,160,129

Source: Annual Comprehensive Financial Report- Exhibit A-1
Note: 2024 restated for change in accounting principle (GASB 101).

TABLE 2

CITY OF THE COLONY, TEXAS
CHANGES IN NET POSITION
ACCRUAL BASIS OF ACCOUNTING
LAST TEN FISCAL YEARS (UNAUDITED)

	Fiscal Year									
	2016	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Expenses										
Governmental activities:										
General government	$ 11,225,704	$ 13,083,945	$ 17,442,292	$ 15,928,203	$ 14,646,729	$ 15,835,564	$ 15,353,052	$ 11,329,886	$ 18,523,136	$ 30,077,791
Economic development	-	-	-	-	-	-	-	-	-	23,534,525
Public safety	17,950,628	19,078,137	19,917,944	24,524,067	24,600,147	25,340,611	26,743,262	31,659,259	33,148,673	39,113,883
Public works	6,601,440	33,589,099	15,129,445	9,100,156	8,179,035	10,425,482	11,016,099	11,679,662	14,521,855	11,603,066
Culture and recreation	5,171,748	5,504,249	6,011,423	6,377,301	5,979,977	7,818,786	7,391,239	7,786,848	8,504,034	8,679,083
Interest on Long-term Debt	1,390,574	1,731,842	1,729,008	2,254,447	1,717,586	1,825,404	3,087,504	1,733,621	1,447,788	5,181,255
Total governmental activities expenses	42,340,094	72,987,272	60,230,112	58,184,174	55,123,474	61,245,847	63,591,156	64,189,276	76,145,486	118,189,603
Business-type activities:										
Water and sewer	$ 16,750,973	$ 19,040,918	$ 19,670,658	$ 20,447,636	$ 23,452,375	$ 27,240,190	$ 26,625,071	$ 27,049,782	$ 29,933,931	$ 29,961,104
Total business-type activities expenses	16,750,973	19,040,918	19,670,658	20,447,636	23,452,375	27,240,190	26,625,071	27,049,782	29,933,931	29,961,104
Total primary government expenses	$ 59,091,067	$ 92,028,190	$ 79,900,770	$ 78,631,810	$ 78,575,849	$ 88,486,037	$ 90,216,227	$ 91,239,058	$ 106,079,417	$ 148,150,707
Program Revenues										
Governmental activities:										
Charges for Services:										
General government	3,608,782	1,927,505	2,389,337	2,655,534	2,354,343	3,273,887	2,469,376	3,170,909	3,558,535	7,626,473
Public safety	1,546,836	1,643,454	1,966,757	1,906,360	1,785,388	2,062,419	2,199,583	2,153,663	866,841	1,226,523
Public works	2,213,005	2,292,974	2,245,868	2,045,067	1,790,935	1,558,430	2,819,164	2,030,194	3,350,243	3,014,517
Culture and recreation	764,819	813,238	821,582	859,582	450,878	888,746	1,097,542	1,119,758	443,974	392,814
Operating grants and contributions	3,268,620	2,641,513	103,553	1,846,995	2,779,572	352,792	723,463	894,411	745,364	5,309,476
Capital grants and contributions	25,670,242	10,303,953	10,158,807	5,869,468	5,086,196	6,233,192	4,821,561	14,545,732	11,841,212	11,269,848
Total governmental activities program revenues	37,072,304	19,622,637	17,685,904	15,183,006	14,247,312	14,369,466	14,130,689	23,914,667	20,806,169	28,839,651
Business-type activities:										
Charges for Services:										
Water and sewer	15,959,047	17,724,046	20,009,706	18,885,913	20,656,614	22,386,290	25,610,329	27,426,435	29,399,479	29,855,805
Operating grants and contributions	307,161	306,545	-	-	-	-	-	-	-	-
Capital grants and contributions	6,426,313	53,449,568	3,622,560	2,663,115	2,283,690	3,836,581	2,929,119	1,025,239	6,954,214	5,562,677
Total business-type activities program revenues	22,692,521	71,480,159	23,632,266	21,549,028	22,940,304	26,222,871	28,539,448	28,451,674	36,353,693	35,418,482
Total primary government program revenues	$ 59,764,825	$ 91,102,796	$ 41,318,170	$ 36,732,034	$ 37,187,616	$ 40,592,337	$ 42,670,137	$ 52,366,341	$ 57,159,862	$ 64,258,133
Net (Expenses) Revenues										
Governmental activities	(5,267,790)	(53,364,635)	(42,544,208)	(43,001,168)	(40,876,162)	(46,876,381)	(49,460,467)	(40,274,609)	(55,339,317)	(89,349,952)
Business-type activities	5,941,548	52,439,241	3,961,608	1,101,392	(512,071)	(1,017,319)	1,914,377	1,401,892	6,419,762	5,457,378
Total primary government net expenses	$ 673,758	$ (925,394)	$ (38,582,600)	$ (41,899,776)	$ (41,388,233)	$ (47,893,700)	$ (47,546,090)	$ (38,872,717)	$ (48,919,555)	$ (83,892,574)

Source: Annual Comprehensive Financial Report - Exhibit A-2

CITY OF THE COLONY, TEXAS
CHANGES IN NET POSITION
ACCRUAL BASIS OF ACCOUNTING
LAST TEN FISCAL YEARS (UNAUDITED)

	Fiscal Year									
	2016	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	$ 21,204,646	$ 24,719,070	$ 27,584,526	$ 31,092,818	$ 34,456,249	$ 36,510,300	$ 38,701,240	$ 37,597,459	$ 34,615,211	$ 45,551,241
Sales taxes	5,736,997	6,357,581	7,100,104	8,090,511	7,442,947	9,721,676	11,426,569	11,812,142	9,990,559	21,172,289
Franchise taxes	2,527,792	2,609,706	2,705,950	2,737,190	2,765,433	2,517,283	2,873,419	2,911,718	5,159,631	2,987,086
Hotel motel taxes	668,011	1,275,280	1,525,722	1,532,041	849,664	1,044,987	1,937,274	2,356,975	2,538,159	2,332,854
Vehicle Tax	-	-	-	-	-	-	-	-	925,917	-
Penalties and interest	294,798	125,543	133,895	108,472	114,898	96,423	106,926	152,526	-	-
Interest on investments	102,126	256,672	729,690	1,075,171	429,498	26,889	456,215	4,202,359	4,504,997	4,010,660
Miscellaneous	792,311	838,429	1,521,033	895,376	1,236,307	1,715,059	5,196,325	5,666,513	3,356,911	3,925,239
Transfers	6,742,192	(4,088,203)	(5,397,569)	(474,486)	3,633	(400,000)	(100,000)	(100,000)	(4,400,000)	(2,547,395)
Total governmental activities	38,068,873	32,094,078	35,903,351	45,057,093	47,298,629	51,232,617	60,597,968	64,599,692	56,691,385	77,431,974
Business-type activities:										
Interest on investments	88,041	205,547	356,102	650,030	247,099	20,069	262,050	1,183,203	1,740,533	2,447,584
Miscellaneous	-	-	-	-	-	-	-	306,118	-	-
Transfers	(6,742,192)	4,088,203	5,397,569	474,486	(3,633)	400,000	100,000	100,000	4,400,000	2,547,395
Total business-type activities	(6,654,151)	4,293,750	5,753,671	1,124,516	243,466	420,069	362,050	1,589,321	6,140,533	4,994,979
Total primary government	31,414,722	36,387,828	41,657,022	46,181,609	47,542,095	51,652,686	60,960,018	66,189,013	62,831,918	82,426,953
Change in Net Position										
Governmental activities	32,801,083	(21,270,557)	(6,640,857)	2,055,925	6,422,467	4,356,236	11,137,501	24,325,083	1,352,068	(11,917,978)
Business-type activities	(712,603)	56,732,991	9,715,279	2,225,908	(268,605)	(597,250)	2,276,427	2,991,213	12,560,295	10,452,357
Total primary government	$ 32,088,480	$ 35,462,434	$ 3,074,422	$ 4,281,833	$ 6,153,862	$ 3,758,986	$ 13,413,928	$ 27,316,296	$ 13,912,363	$ (1,465,621)

Source: Annual Comprehensive Financial Report - Exhibit A-2

TABLE 3

CITY OF THE COLONY, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS (UNAUDITED)

	Fiscal Year									
	2016	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
General Fund										
Reserved for:										
Restricted for tourism	$ -	$ -	$ -	$ -	$ -	$ 2,385,220	$ 6,099,958	$ -	$ -	$ -
Restricted for other	-	-	-	-	-	-	-	3,238,248	920,680	552,240
Restricted for capital projects	367,397	367,397	-	-	-	-	-	-	-	-
Nonspendable	284,122	313,070	110,389	295,737	527,373	705,043	184,128	184,129	338,248	240,749
Unassigned	13,275,540	13,503,540	14,396,285	15,213,908	18,686,206	19,835,324	23,834,380	37,893,987	35,930,912	26,273,052
Total general fund	$ 13,927,059	$ 14,184,007	$ 14,506,674	$ 15,509,645	$ 19,213,579	$ 22,925,587	$ 30,118,466	$ 41,316,364	$ 37,189,840	$ 27,066,041
All Other Governmental Funds										
Restricted for:										
Capital Projects	$ 790,306	$ 1,729,804	$ 20,717,454	$ 18,082,244	$ 19,229,949	$ 20,344,096	$ 23,279,419	$ 20,237,886	$ 809,584	$ 51,792,834
Debt Service	1,922,262	1,133,536	1,159,562	1,183,290	2,159,398	3,442,104	5,416,036	5,593,826	7,124,759	5,544,847
Other	1,261,149	1,681,336	2,313,497	3,694,856	3,659,079	3,019,789	3,202,687	5,858,654	9,086,162	7,480,015
Committed	10,688,119	11,099,306	1,386,721	963,305	1,051,469	1,277,449	1,658,047	2,152,265	2,873,657	3,050,108
Nonspendable	5,565	5,294	931	13,532	1,032	1,032	816	816	816	188,371
Unassigned	-	-	-	(20,716)	-	-	(22,402)	-	-	-
Total all other governmental funds	$ 14,667,401	$ 15,649,276	$ 25,578,165	$ 23,916,511	$ 26,100,927	$ 28,084,470	$ 33,534,603	$ 33,843,447	$ 19,894,978	$ 68,056,175

Source: Annual Comprehensive Financial Report -Exhibit A-3

TABLE 4

CITY OF THE COLONY, TEXAS
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS (UNAUDITED)

	Fiscal Year									
	2016	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
REVENUES										
Ad valorem taxes, penalties and interest	$ 21,257,383	$ 24,665,737	$ 28,073,387	$ 31,208,682	$ 34,517,810	$ 36,550,929	$ 38,792,035	$ 43,999,806	$ 34,578,872	$ 45,440,790
Municipal sales tax	5,736,997	6,357,581	7,100,104	8,090,511	7,442,947	9,721,676	11,426,569	11,812,142	10,916,476	21,172,289
Hotel / motel taxes	668,011	1,275,280	1,525,722	1,532,041	849,664	1,044,987	1,937,274	2,356,975	2,538,159	2,332,854
Franchise taxes	2,527,792	2,609,706	2,705,950	2,737,190	2,765,433	2,517,283	2,873,419	2,911,718	5,159,631	2,987,086
Licenses and permits	3,113,013	3,150,756	3,183,516	3,328,364	3,203,525	3,259,282	4,515,248	3,721,083	3,731,469	2,863,635
Charges for services	4,150,248	2,672,368	3,245,584	3,267,327	2,478,974	3,687,233	2,900,182	3,445,900	3,500,275	7,607,599
Fines and forfeitures	870,181	854,047	984,744	891,132	704,360	836,303	1,164,987	994,113	908,651	1,289,271
Grants	316,672	412,631	102,554	339,562	2,779,166	352,504	458,246	894,159	2,042,307	1,984,255
Gifts and contributions	3,252,323	2,445,113	4,712,701	3,686,808	3,889,559	1,242,904	1,618,088	702,620	58,260	18,874
Intergovernmental	2,518,123	1,495,213	905,300	856,880	-	-	5,906	12,616,477	5,256,187	8,809,476
Interest earned	102,126	256,672	729,690	1,075,171	429,498	26,889	456,215	4,202,359	4,504,997	4,010,660
Miscellaneous	792,311	838,429	1,521,033	2,982,496	1,236,607	1,715,059	5,196,325	5,666,513	3,356,911	3,925,239
Total revenues	45,305,180	47,033,533	54,790,285	59,996,164	60,297,543	60,955,049	71,344,494	93,323,865	76,552,195	102,442,028
EXPENDITURES										
Current										
General government	7,739,892	9,005,102	12,787,913	12,251,044	10,433,755	11,611,036	11,204,338	13,568,601	12,188,829	24,958,515
Economic development	-	-	-	-	-	-	-	-	-	23,534,525
Public safety	15,162,864	16,904,990	18,538,271	22,225,377	22,666,732	24,497,318	26,857,472	29,700,280	31,838,006	34,264,943
Public works	3,480,223	4,119,371	3,955,801	5,312,936	4,599,940	6,243,114	7,408,957	8,111,867	12,524,746	9,111,936
Cultural and recreation	4,473,519	4,803,444	5,370,608	5,621,488	5,105,872	7,035,533	6,763,364	6,839,325	7,463,111	7,680,405
Capital Outlay	9,801,947	12,722,830	8,985,109	19,677,151	7,750,112	6,059,106	12,467,022	15,849,955	18,064,954	31,892,427
Debt Service:										
Principal retirement	3,985,693	3,945,295	4,485,630	6,785,263	5,675,101	5,377,101	5,622,134	5,304,137	5,944,935	9,159,802
Interest and fiscal charges	1,485,036	1,885,328	2,044,983	2,355,272	1,993,814	2,259,386	2,244,482	2,703,877	2,461,145	3,749,669
Other debt service costs	272,250	269,732	194,643	148,434	186,184	147,333	246,198	-	-	-
Total expenditures	46,401,424	53,656,092	56,362,958	74,376,965	58,411,510	63,229,927	72,813,967	82,078,042	90,485,726	144,352,222
Excess (deficiency) of revenues over (under) expenditures	(1,096,244)	(6,622,559)	(1,572,673)	(14,380,801)	1,886,033	(2,274,878)	(1,469,473)	11,245,823	(13,933,531)	(41,910,194)

TABLE 4

CITY OF THE COLONY, TEXAS
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS (UNAUDITED)

	Fiscal Year									
	2016	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
OTHER FINANCING SOURCES (USES)										
Issuance of debt	-	9,204,000	12,726,000	13,242,170	-	7,587,000	13,394,495	-	-	72,802,532
Issuance of refunding debt	9,023,150	-	-	-	9,652,460	-	-	-	-	-
Payment of escrow for refunding debt	(9,623,402)	-	-	-	1,708,838	-	-	-	-	-
Premium on issuance of debt	637,273	-	533,188	954,434	(7,362,614)	783,429	817,990	-	-	5,260,927
Proceeds from sale of capital assets	-	731,402	-	-	-	-	-	360,919	-	-
Transfers from other funds	14,488,155	3,332,936	13,769,908	890,075	3,172,092	797,271	832,584	2,511,617	1,454,000	6,559,131
Lease Proceeds	-	-	-	-	-	-	-	-	205,487.00	41,742.00
Subscription IT proceeds	-	-	-	-	-	-	-	-	53,051	1,942,391
Transfers to other funds	(7,745,963)	(5,406,936)	(15,204,867)	(1,364,561)	(3,168,459)	(1,197,271)	(932,584)	(2,611,617)	(5,854,000)	(6,659,131)
Total other financing sources (uses)	6,779,213	7,861,402	11,824,229	13,722,118	4,002,317	7,970,429	14,112,485	260,919	(4,141,462)	79,947,592
NET CHANGE IN FUND BALANCES	$ 5,682,969	$ 1,238,843	$ 10,251,556	$ (658,683)	$ 5,888,350	$ 5,695,551	$ 12,643,012	$ 11,506,742	$ (18,074,993)	$ 38,037,398
Debt service as a percentage of noncapital expenditures	14.9%	14.2%	13.8%	16.7%	15.1%	13.4%	13.0%	12.1%	11.6%	11.6%

Source: Annual Comprehensive Financial Report - Exhibit A-5

TABLE 5

CITY OF THE COLONY, TEXAS
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS (UNAUDITED)

Fiscal Year	Taxable Value: Residential Property	Taxable Value: Commercial Property	Taxable Value: Vacant and Farm Property	Plus: Exemptions	Assessed Value [a]	Total Direct Tax Rate	Fair Market Value	Assessed Value as a Percentage of Market Value
2016	$ 2,049,580,033	$ 979,961,737	$ 80,496,674	$ 286,077,430	$ 3,396,115,874	$ 0.67000	$ 3,396,115,874	100.00%
2017	2,724,768,066	806,868,129	96,589,219	362,259,593	3,990,485,007	0.66750	4,115,540,606	96.96%
2018	3,158,235,721	886,382,097	113,617,595	350,939,833	4,509,175,246	0.66500	4,680,108,750	96.35%
2019	3,163,815,052	914,419,774	67,568,663	369,920,657	4,515,724,146	0.66250	4,666,740,068	96.76%
2020	3,909,576,822	1,074,589,635	82,872,653	414,638,193	5,481,677,303	0.66000	5,617,282,419	97.59%
2021	4,347,039,415	1,202,333,938	66,830,583	447,049,065	6,063,253,001	0.65000	6,145,537,206	98.66%
2022	4,757,328,003	1,142,225,692	67,659,519	520,966,975	6,488,180,189	0.65000	6,592,062,088	98.42%
2023	5,397,012,465	1,339,605,818	77,988,887	597,050,580	7,411,657,750	0.64500	7,879,743,298	94.06%
2024	6,243,287,578	1,440,699,074	113,418,397	654,821,099	8,452,226,148	0.64000	9,229,636,660	91.58%
2025	6,720,077,890	1,475,405,463	106,083,549	816,488,281	9,118,055,183	0.63500	9,502,923,664	95.95%

Source: Denton Central Appraisal District (DCAD)

Note: T Property is assessed on the basis of 100 percent of its appraised value. Tax rates are per $100 of taxable value. Values are as of certification and exclude values under review by the Appraisal Review Board (ARB).

a Includes adjustments to certified rolls.

TABLE 6

CITY OF THE COLONY, TEXAS
DIRECT AND OVERLAPPING PROPERTY TAX RATES
(PER $100 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS (UNAUDITED)

	City Direct Rates			Overlapping Rates	
		General			
Fiscal Year	Operating/ General Rate	Obligation Debt Service	Total Direct	Lewisville Independent School District	Denton County
2016	$ 0.510360	$ 0.159600	$ 0.670000	$ 1.477000	$ 0.262000
2017	0.564200	0.103300	0.667500	1.420000	0.248410
2018	0.515000	0.150000	0.665000	1.408000	0.237810
2019	0.502500	0.160000	0.662500	1.338000	0.225570
2020	0.495500	0.164500	0.660000	1.347000	0.225280
2021	0.495000	0.160000	0.655000	1.308500	0.224990
2022	0.490000	0.160000	0.650000	1.236800	0.233086
2023	0.540000	0.105000	0.645000	1.130100	0.217453
2024	0.534000	0.106000	0.640000	1.117800	0.189485
2025	0.481191	0.153809	0.635000	1.117800	0.187869

Source: Denton County Tax Office

TABLE 7

CITY OF THE COLONY, TEXAS
PRINCIPAL TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO (UNAUDITED)

	Fiscal Year 2025			Fiscal Year 2016		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value [a]**	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value [a]**
LMG Ventures LLC	$ 125,170,957	1	1.51%			
TXFM Inc	121,275,000	2	1.46%			
Austin Ranch Phase VI Investors LLC	98,000,000	3	1.18%			
Icon The Colony Land Owner Pool 2 LLC	96,931,330	4	1.17%			
Hudson MF LLC	94,900,000	5	1.14%			
LMG Ventures LLC	93,381,012	6	1.12%			
The Residences of Lake District No 1 LTD	91,185,043	7	1.10%			
AR Phase 1 LLC	85,000,000	8	1.02%			
AR NO.5 LLC	81,847,893	9	0.99%			
AR Phase 2 LLC	77,000,000	10	0.93%			
TXFM Inc	-		-	$ 121,602,740	1	3.91%
Nebraska Furniture Mart	-		-	60,136,419	2	1.93%
Austin Ranch Phase VI Investors LLC	-		-	57,000,000	3	1.83%
AR NO.5 LLC	-		-	54,994,587	4	1.77%
The Residences of Austin Ranch #4 M LLC	-		-	48,000,000	5	1.54%
AR Phase 1 LLC	-		-	47,000,000	6	1.51%
The Residences of Austin Ranch #3 M LLC	-		-	41,500,000	7	1.33%
AR Phase 2 LLC	-		-	41,500,000	8	1.33%
Somerset Land LTD	-		-	30,164,664	9	0.97%
GS Sonoma Grand LP	-		-	27,503,843	10	0.88%
	$ 964,691,235		11.62%	$ 529,402,253		17.00%

Source: Denton Central Appraisal District

Note: Taxpayers are assessed on January 1, 2024 and billed on October 1, 2024 for the 2024 tax year, resulting in revenue to the City in fiscal year 2025.

TABLE 8

CITY OF THE COLONY, TEXAS
AD VALOREM TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS (UNAUDITED)

Fiscal Year	Taxes Levied for the Fiscal Year	Fiscal Year of Levy		Fiscal Years Subsequent to Levy		Amount Uncollected	Percentage of Levy Collected
		Adjustments	Collections	Adjustments	Collections		
2016	$ 20,773,340	$ 40,758	$ 20,697,081	$ 117,156	$ 219,901	$ 14,272	99.93%
2017	24,150,242	289,670	24,136,260	(180,130)	105,436	18,086	99.93%
2018	25,839,753	1,849,061	27,611,357	(6,292)	50,611	20,554	99.92%
2019	27,465,954	3,532,519	30,872,909	(16,763)	76,765	32,036	99.88%
2020	33,442,459	1,004,802	34,299,463	(33,630)	74,825	39,343	99.88%
2021	36,655,750	(78,224)	36,419,012	(20,012)	101,644	36,858	99.90%
2022	38,447,183	402,613	38,680,354	42,022	173,896	37,568	99.90%
2023	43,197,881	478,563	43,485,132	(300,581)	(170,322)	61,053	99.86%
2024	49,370,888	(616,721)	48,549,479	(213,346)	(92,441)	83,783	99.83%
2025	51,298,063	(371,480)	50,692,763	-	-	233,820	99.54%

Source: Denton County Tax Office

TABLE 9

CITY OF THE COLONY, TEXAS
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS (UNAUDITED)

	Governmental Activities				Business-Type Activities					
Fiscal Year	Obligation Bonds	Certificates of Obligation	Other Obligations [a]	Premiums/ Discounts	Water and Revenue Bonds	Other Obligations	Premiums/ Discounts	Total Primary Government	Percentage of Personal Income [b]	Per Capita [a]
2016	$ 19,344,210	$ 14,765,000	$ 767,611	$ 2,106,044	-	$ 59,333,395	$ 4,130,875	$ 100,447,135	6.09%	$ 2,271
2017	16,580,250	22,872,150	683,127	2,592,781	-	63,537,195	4,434,849	110,700,352	6.93%	2,621
2018	15,711,300	37,356,650	595,597	3,260,811	-	56,917,050	3,724,154	117,565,562	6.82%	2,635
2019	11,518,300	46,861,850	1,740,304	3,808,516	-	59,489,850	3,889,886	127,308,706	7.21%	2,854
2020	12,988,300	39,038,100	1,227,460	5,449,889	-	66,366,846	5,398,212	130,468,807	7.40%	2,930
2021	16,406,504	47,832,600	698,539	4,917,141	-	67,209,796	4,878,969	141,943,549	7.05%	3,189
2022	10,288,768	55,142,250	1,526,949	6,025,409	-	62,133,982	4,895,372	140,012,730	6.18%	3,050
2023	8,349,797	52,291,100	240,193	5,438,485	-	56,399,103	4,360,388	127,079,066	5.55%	2,740
2024	6,564,210	49,392,450	6,612,176	4,434,924	-	50,463,340	3,990,604	121,457,704	5.26%	2,596
2025	5,078,819	116,995,050	6,949,298	9,077,317	-	52,751,131	4,084,887	194,936,502	6.10%	4,121

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
[a] Other obligations include financed purchases, SBITA liabilities and lease liabilities.
[b] Population and personal income data per Table 14.

TABLE 10

CITY OF THE COLONY, TEXAS
RATIO OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS (UNAUDITED)

	Governmental Activities							
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Other Obligations	Premium/ Discount	Less: Debt Service	Total	Percentage Taxable Value of Property [a]	Per Capita [b]
2016	$ 19,344,210	$ 14,765,000	$ -	$ 2,106,044	$ 1,826,579	$ 34,388,675	1.11%	778
2017	16,580,250	22,872,150	-	2,592,781	1,027,528	41,017,653	1.13%	971
2018	15,711,300	37,356,650	-	3,260,811	902,127	55,426,634	1.33%	1,242
2019	11,518,300	46,861,850	-	3,808,516	863,999	61,324,667	1.48%	1,375
2020	12,988,300	39,038,100	-	5,449,889	1,802,592	55,673,697	1.10%	1,250
2021	16,406,504	47,832,600	-	4,917,141	3,183,352	65,972,893	1.17%	1,482
2022	10,288,768	55,142,250	-	6,025,409	5,124,388	66,332,039	1.11%	1,445
2023	8,349,797	52,291,100	-	5,438,485	5,296,697	60,782,685	0.89%	1,311
2024	6,564,210	49,392,450	-	4,434,924	6,878,981	53,512,603	0.69%	1,144
2025	5,078,819	116,995,050	-	9,077,318	4,134,305	127,016,882	1.53%	2,685

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

[a] See Table 5 for property value data.

[b] See Table 14 for population data.

TABLE 11

CITY OF THE COLONY, TEXAS
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS (UNAUDITED)

	Fiscal Year									
	2016	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Tax Rate Limit	$ 2.5000	$ 2.5000	$ 2.5000	$ 2.5000	$ 2.5000	$ 2.5000	$ 2.5000	$ 2.5000	$ 2.5000	$ 2.5000
Current Tax Rate	0.6700	0.6675	0.6650	0.6625	0.6600	0.6550	0.6500	0.6450	0.6400	0.6350
Available Tax Rate	$ 1.8300	$ 1.8300	$ 1.8400	$ 1.8400	$ 1.8400	$ 1.8400	$ 1.8500	$ 1.8550	$ 1.8650	$ 1.8650

Note: The City Charter of the City of The Colony, Texas does not provide for a debt limit. Under provisions of state law, the maximum tax rate is limited to $2.50 per $100 assessed valuation. No direct bond debt limitation is imposed on the City under current state law or the City's Charter.

TABLE 12

CITY OF THE COLONY, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL
ACTIVITIES DEBT
SEPTEMBER 30, 2025 (UNAUDITED)

Governmental Unit	Gross Bonded Debt	Estimated Percentage Applicable [a]	The Colony Share of Overlapping Debt
Lewisville I.S.D.	$ 1,542,880,000	8.09%	$ 124,814,662
Little Elm I.S.D.	583,787,736	19.25%	112,351,186
Denton County	688,505,000	3.44%	23,699,818
	2,815,172,736		260,865,666
City of The Colony (direct debt)	194,936,502	100.00%	194,936,502
Total direct and overlapping debt	$ 3,010,109,238		$ 455,802,168

Source: Assessed value data used to estimate applicable percentages provided by Denton Central Appraisal District. Debt outstanding data provided by each governmental unit.

[a] The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

TABLE 13

CITY OF THE COLONY, TEXAS
PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS (UNAUDITED)

	Water and Sewer System Revenue Bonds				
Fiscal Year	**Total Revenues[a]**	**Less: Operating Expenses[b]**	**Net Available Revenue**	**Annual Requirement[c]**	**Times Coverage**
2016	$ 16,354,249	$ 11,636,866	$ 4,717,383	$ 2,840,353	1.66
2017	18,236,138	12,543,069	5,693,069	3,263,180	1.74
2018	20,365,808	12,730,553	7,635,255	3,088,754	2.47
2019	19,535,943	13,386,788	6,149,155	2,158,400	2.85
2020	20,903,713	15,514,368	5,389,345	2,159,669	2.50
2021	22,406,359	19,219,467	3,186,892	4,377,433	0.73
2022	25,872,379	18,706,641	7,165,738	4,414,115	1.62
2023	28,609,638	19,197,584	9,412,054	4,751,681	1.98
2024	31,140,012	20,901,248	10,238,764	4,730,053	2.16
2025	32,303,389	21,498,971	10,804,418	4,890,332	2.21

Note: a Includes operating and non-operating revenues per the Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds.

b Includes operating expenses minus depreciation per the Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds.

c Principal and interest payments on non-general obligation debt secured by a pledge of utility revenue.

TABLE 14

CITY OF THE COLONY, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS (UNAUDITED)

Year	Estimated Population[a]	Personal Income	Per Capita Personal Income[b]	Median Age[b]	Median Household Income[b]	School Enrollment[c]	Unemployment Rate [d]
2016	44,228	$ 1,648,067,964	$ 37,263	35.5	$ 93,076	6,718	3.5%
2017	42,228	1,597,147,416	37,822	35.5	103,677	6,656	3.4%
2018	44,610	1,722,659,760	38,616	34.9	103,677	6,451	3.3%
2019	44,610	1,766,065,290	39,589	35.5	107,620	6,250	3.1%
2020	44,534	1,763,056,526	39,589	35.5	107,620	6,031	3.3%
2021	44,514	2,014,570,098	45,257	35.7	87,748	5,712	3.9%
2022	45,901	2,266,453,677	49,377	34.9	110,760	6,755	3.4%
2023	46,380	2,290,105,260	49,377	36	118,686	6,310	3.9%
2024	46,787	2,310,201,699	49,377	37.2	134,764	6,058	4.1%
2025	47,308	3,195,087,704	67,538	37.4	117,174	5,998	3.7%

Sources: Estimated population from North Central Texas Council of Governments (NCTCOG)
Per capita income and median household income from HomeTownLocator - https://texas.hometownlocator.com/
Median age and unemployment rate from Data Commons - https://datacommons.org/
School enrollment - Texas Education Agency - https://rptsvr1.tea.texas.gov/adhocrpt/adste.html

Note: School enrollment excludes values masked by TEA in order to comply with the Family Educational Rights and Privacy Act (FERPA).
Personal income is calculated by multiplying estimated population by per capita personal income.

TABLE 15

CITY OF THE COLONY, TEXAS
PRINCIPAL EMPLOYERS
CURRENT AND NINE YEARS AGO (UNAUDITED)

	2025			2016		
Employer	**Employees**	**Rank**	**Percentage of Total City Employment**	**Employees**	**Rank**	**Percentage of Total City Employment**
Nebraska Furniture Mart	1,500	1	6.42%	2,200	1	4.60%
Lewisville ISD	558	2	2.39%	690	2	3.17%
Scheels	510	3	2.18%			
City of The Colony	474	4	2.03%	328	4	1.78%
Wal-Mart	307	5	1.31%	353	5	1.62%
Top Golf	279	6	1.19%	450	3	2.07%
Home Depot	231	7	0.99%	112	9	0.51%
Hawaiian Falls	221	8	0.95%	230	6	0.92%
Quest Resource Mgmt	197	9	0.84%	120	8	0.51%
Andretti's	133	10	0.57%			
Williams Sonoma				170	7	0.78%
Edward Don				100	10	0.48%
	4,410		18.87%	4,753		16.44%

Source: Finance Direct Calls to Employers

TABLE 16

CITY OF THE COLONY, TEXAS
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS (UNAUDITED)

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General government	31	34	34	38	32	34	34	35	37	55
Public safety	151	165	174	187	198	204	219	215	216	229
Public works	45	47	49	59	52	53	60	61	62	55
Culture and recreation	38	35	35	37	41	41	42	59	61	53
Water/wastewater/ Utilities	37	40	40	38	47	49	51	52	56	56
Total	302	321	332	359	370	381	406	422	432	448

Sources: City of The Colony Budget Document- Authorized Funded Positions

TABLE 17

CITY OF THE COLONY, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS (UNAUDITED)

	Fiscal Year									
Function/Program	**2016**	**2017**	2018	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Police										
Number of police officers	60	60	6	72	74	79	79	86	86	86
Number of violations (citations)	13,935	13,986	15,232	11,718	5,742	5,080	14,105	5,555	4,713	6,579
Municipal Court										
Number of traffic cases	5,298	9,480	11,264	11,264	2,888	4,519	5,174	4,082	4,325	6,976
Number of city ordinance cases	226	805	860	860	132	141	272	266	181	161
Fire										
Number of fire fighters	58	64	78	66	64	71	72	77	79	79
Number of paramedics	-	-	-	16	18	14	18	18	18	18
Number of emergency fire responses	864	860	909	894	867	1,358	1,588	1,306	1,558	1,260
Number of medical emergencies	2,127	2,365	2,370	2,425	2,443	2,773	3,102	3,214	3,114	3,268
Development Services										
Total number of building permits[a]	277	2,556	4,127	4,216	2,394	3,219	3,219	2,058	2,107	1,770
Estimated valuation[a]	$ 127,234,464	$ 213,756,755	$ 271,621,030	$ 394,232,000	$ 47,041,844	$ 68,718,187	$ 68,718,187	$ 108,669,341	$ 109,563,107	$ 144,391,788
Parks and Recreation										
Number of acres	$983	$983	$983	$983	$983	$984	$984	1,004	1,020	1,020
Number of recreation center participants	52,424	41,595	44,789	44,789	26,843	43,350	42,850	31,771	50,965	49,593
Library										
Volumes in collection[b]	117,538	111,150	121,926	93,919	97,716	92,918	115,560	104,839	94,202	128,444
Number of library cardholders	18,042	17,291	16,725	19,101	20,534	21,770	23,127	25,742	26,716	28,425
Water and wastewater										
Number of water accounts	12,893	13,285	13,626	13,864	14,161	14,335	14,660	14,716	15,045	15,104
Average daily water consumption (millions of gallons)	5	5	5	5	5	5	8	6	7	6
Average daily effluent (millions of gallons)	3	1,070	1	1	1	1	3	3	4	4

Sources: City Departments
Notes: a Includes residential and commercial permits
b Includes physical and digital books and media.

TABLE 18

CITY OF THE COLONY, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS (UNAUDITED)

	Fiscal Year									
Function/Program	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Public Safety										
Fire Stations	3	3	3	4	4	4	4	5	5	5
Police Stations	1	1	1	1	1	1	1	1	1	1
Culture and Recreation										
Parks and Recreation										
Number of parks	27	27	27	27	27	27	27	27	27	27
Number of baseball diamonds	11	11	11	11	15	15	15	15	15	15
Number of soccer/football fields	16	16	16	16	15	15	15	15	15	15
Public swimming pools	2	2	2	2	2	2	2	3	3	3
Community centers	1	1	1	1	1	1	1	2	2	2
Library	1	1	1	1	1	1	1	1	1	1
Water and wastewater										
Water mains (miles)	216	194	195	199	201	203	203	196	203	204
Sanitary sewer mains (miles)	213	206	207	210	212	214	214	151	155	156
Fire hydrants	1,680	1,795	1,824	1,850	1,925	1,955	1,955	1,934	2,044	2,071

Sources: City Departments